Exhibit 1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **December 31, 2015**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-14956

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

BRITISH COLUMBIA, CANADA State or other jurisdiction of incorporation or organization	**98-0448205** (I.R.S. Employer Identification No.)

2150 St. Elzéar Blvd. West
Laval, Quebec
Canada, H7L 4A8
(Address of principal executive offices)

Registrant's telephone number, including area code **(514) 744-6792**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, No Par Value	**New York Stock Exchange, Toronto Stock Exchange**

Securities registered pursuant to section 12(g) of the Act:

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or Section 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common shares held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was $75,445,451,000 based on the last reported sale price on the New York Stock Exchange on June 30, 2015.

The number of outstanding shares of the registrant's common stock as of April 22, 2016 was 343,019,770.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the registrant's proxy statement for the 2016 Annual Meeting of Shareholders. Such proxy statement will be filed no later than 120 days after the close of the registrant's fiscal year ended December 31, 2015.

PART I

Item 1. Business

Biovail Corporation ("Biovail") was formed under the *Business Corporations Act* (Ontario) on February 18, 2000, as a result of the amalgamation of TXM Corporation and Biovail Corporation International. Biovail was continued under the *Canada Business Corporations Act* (the "CBCA") effective June 29, 2005. In connection with the acquisition of Valeant Pharmaceuticals International ("Valeant") in September 2010, Biovail was renamed "Valeant Pharmaceuticals International, Inc."

Effective August 9, 2013, we continued from the federal jurisdiction of Canada to the Province of British Columbia, meaning that we became a company registered under the laws of the Province of British Columbia as if we had been incorporated under the laws of the Province of British Columbia. As a result of this continuance, our legal domicile became the Province of British Columbia, the Canada Business Corporations Act ceased to apply to us and we became subject to the British Columbia Business Corporations Act.

On April 25, 2016, we announced that our Board of Directors has named Joseph C. Papa to become our Chairman and Chief Executive Officer. Mr. Papa is expected to join the Company by early May.

Unless the context indicates otherwise, when we refer to "we", "us", "our" or the "Company" in this Annual Report on Form 10-K ("Form 10-K"), we are referring to Valeant Pharmaceuticals International, Inc. and its subsidiaries on a consolidated basis.

Introduction

We are a multinational, specialty pharmaceutical and medical device company that develops, manufactures, and markets a broad range of branded, generic and branded generic pharmaceuticals, over-the-counter ("OTC") products, and medical devices (contact lenses, intraocular lenses, ophthalmic surgical equipment, and aesthetics devices), which are marketed directly or indirectly in over 100 countries. In the Developed Markets segment, we focus most of our efforts in the areas of dermatology, neurology, gastrointestinal ("GI") disorders, and eye health therapeutic classes. In the Emerging Markets segment, we focus primarily on branded generics, OTC products, and medical devices. We are diverse not only in our sources of revenue from our broad drug and medical device portfolio, but also among the therapeutic classes and geographies we serve.

Business Strategy

Our strategy is to focus our business on core geographies and therapeutic classes that offer attractive growth opportunities while maintaining our lower selling, general and administrative cost model and decentralized operating structure. Within our chosen therapeutic classes and geographies, we primarily focus on durable products which have the potential for strong operating margins and sustainable organic growth. We believe these products are particularly attractive for a number of reasons including:

- They are largely cash pay, or are reimbursed through private insurance, and, as a result, are less dependent on increasing government reimbursement pressures than other products;
- They tend to have established brand names and do not rely primarily on patent or regulatory exclusivity;
- They tend to have the potential for line extensions and life-cycle management programs; and
- They tend to be smaller on an individual basis, and therefore typically not the focus of larger pharmaceutical companies.

Another critical element of our strategy is our lower risk, output-focused research and development model. This model allows us to advance certain development programs to drive future commercial growth, while minimizing our research and development expense. This is achieved primarily by:

- focusing on innovation through our internal research and development, acquisitions, and in-licensing;
- focusing on productivity through measures such as leveraging industry overcapacity and outsourcing commodity services;
- focusing on critical skills and capabilities needed to bring new technologies to the market;
- pursuing life-cycle management programs for currently marketed products to increase such products' value during their commercial lives; and
- acquiring dossiers and registrations for branded generic products in emerging markets, which require limited manufacturing start-up and development activities.

Some of our key development programs are described in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Products in Development” of this Form 10-K.

Our long-term strategy has also included deploying cash via business development, debt repayment and repurchases, and share buybacks. Since the Company’s (then named Biovail Corporation) acquisition of Valeant on September 28, 2010, we have completed numerous transactions to expand our portfolio offering and geographic footprint, including, among others, the acquisitions of Salix Pharmaceuticals, Ltd. (“Salix”) and Bausch & Lomb Holdings Incorporated (“B&L”). While we anticipate that business development through acquisitions may continue to be a component of our long-term strategy, we expect the volume and size of acquisitions to be minimal in 2016 and possibly beyond, as we focus on reducing our outstanding debt levels. Additionally, as a result of the April 11, 2016 amendment to our Credit Agreement (as defined herein), until we file our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (“First Quarter 2016 Form 10-Q”) and achieve a specified leverage ratio, we are subject to various restrictions that will impact how we conduct our business, including restrictions on making acquisitions, subject to certain exceptions, over an aggregate Transaction Cap (as defined herein) and from incurring any further debt to finance such acquisitions and a requirement that the proceeds from certain asset sales be used to repay the term loans under our Credit Agreement, instead of being reinvested in the business. In addition, our ability to, among other things, repurchase our common shares will also be restricted and subject to the Transaction Cap described above, until such time that we file our First Quarter 2016 Form 10-Q and achieve a specified leverage ratio. Refer to Note 26 titled "SUBSEQUENT EVENTS" of notes to consolidated financial statements in Item 15 of this Form 10-K for additional details on and exceptions to these restrictions.

We believe our strategy will allow us to maximize both the growth rate and profitability of the Company and to enhance shareholder value.

Segment Information

We have two operating and reportable segments: (i) Developed Markets and (ii) Emerging Markets. Comparative segment information for 2015, 2014 and 2013 is presented in Note 23 titled "SEGMENT INFORMATION" of notes to consolidated financial statements in Item 15 of this Form 10-K.

Our current product portfolio comprises approximately 1,800 products.

Developed Markets

The Developed Markets segment consists of (i) sales in the U.S. of pharmaceutical products, OTC products, and medical device products, as well as alliance and contract service revenues, in the areas of dermatology and podiatry, neurology, gastrointestinal disorders, eye health, oncology and urology, dentistry, aesthetics, and women's health, and (ii) pharmaceutical products, OTC products, and medical device products sold in Western Europe, Canada, Japan, Australia and New Zealand.

Pharmaceutical Products - Our principal pharmaceutical products include:

- Xifaxan®, acquired as part of the Salix acquisition, including (i) tablets indicated for the treatment of irritable bowel syndrome with diarrhea ("IBS-D") in adults (launched in 2015) and for the reduction in risk of overt hepatic encephalopathy recurrence in adults and (ii) tablets indicated for the treatment of travelers’ diarrhea caused by noninvasive strains of Escherichia coli in patients 12 years of age and older.

- Wellbutrin XL® is an extended-release formulation of bupropion indicated for the treatment of major depressive disorder in adults.

- An Acne franchise, which includes Solodyn®, a prescription oral antibiotic approved to treat only the red, pus-filled pimples of moderate to severe acne in patients 12 years of age and older, as well as Ziana®, Clindagel®, Acanya®, Atralin®, Retin-A® franchise and Onexton® Gel, a fixed combination 1.2% clindamycin phosphate and 3.75% benzoyl peroxide medication for the once-daily treatment of comedonal (non-inflammatory) and inflammatory acne in patients 12 years of age and older.

- Glumetza® (metformin hydrochloride) extended release tablets, acquired as part of the Salix acquisition, are indicated as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes mellitus.

- Provenge® (sipuleucel-T), acquired as part of the acquisition of certain assets of Dendreon Corporation, is an autologous cellular immunotherapy indicated for the treatment of asymptomatic or minimally symptomatic metastatic castrate-resistant (hormone-refractory) prostate cancer.

- Jublia® (efinaconazole 10% topical solution), is a topical azole approved for the treatment of onychomycosis of the toenails (toenail fungus).

- Nitropress® (sodium nitroprusside), acquired as part of the acquisition of certain assets of Marathon Pharmaceuticals, LLC ("Marathon"), is indicated for the immediate reduction of blood pressure of patients in hypertensive crises.

- Isuprel® (Isoproterenol hydrochloride) injections, acquired as part of the acquisition of certain assets of Marathon, is indicated for (i) mild or transient episodes of heart block that do not require electric shock or pacemaker therapy, (ii) for serious episodes of heart block and Adams-Stokes attacks (except when caused by ventricular tachycardia or fibrillation), (iii) for use in cardiac arrest until electric shock or pacemaker therapy, the treatments of choice, is available and (iv) for bronchospasm occurring during anesthesia.

- Xenazine® is indicated for the treatment of chorea associated with Huntington's disease. In the U.S., Xenazine® is distributed for us by Lundbeck LLC under an exclusive marketing, distribution and supply agreement.

- Uceris® (budesonide) extended release tablets, acquired as part of the Salix acquisition, are a prescription corticosteroid medicine used to help get mild to moderate ulcerative colitis under control (induce remission).

- Lotemax® Gel is a topical corticosteroid indicated for the treatment of post-operative inflammation and pain following ocular surgery. This formulation is a technology that allows the drug to adhere to the ocular surface and offers dose uniformity, which eliminates the need to shake the product in order to ensure the drug is in suspension. The product contains a low concentration of preservative and two known moisturizers.

- Arestin® (minocycline hydrochloride) is a subgingival sustained-release antibiotic. Arestin® is indicated as an adjunct to scaling and root planing ("SRP") procedures for reduction of pocket depth in patients with adult periodontitis. Arestin® may be used as part of a periodontal maintenance program, which includes good oral hygiene and SRP.

OTC Products - Our principal OTC products include:

- PreserVision® is an antioxidant eye vitamin and mineral supplement.

- CeraVe® is a range of OTC products with essential ceramides and other skin-nourishing and skin-moisturizing ingredients (humectants and emollients) combined with a unique, patented Multivesicular Emulsion (MVE®) delivery technology that, together, work to rebuild and repair the skin barrier. CeraVe® formulations incorporate ceramides, cholesterol and fatty acids, all of which are essential for skin barrier repair and are used as adjunct therapy in the management of various skin conditions.

- Biotrue® multi-purpose solution uses a lubricant also found in eyes and it is pH balanced to match healthy tears and helps prevent certain tear proteins from denaturing and fights germs for healthy contact lens wear.

- ReNu Multiplus® is a sterile, preserved solution used to lubricate and rewet soft (hydrophilic) contact lenses. ReNu Multiplus® product contains povidone, a lubricant that can be used with daily, overnight, and disposable soft contact lenses.

- Ocuvite® is a lutein eye vitamin and mineral supplement that contains lutein (an antioxidant carotenoid), a nutrient that supports macular health by helping filter harmful blue light.

- Boston® solution is a specialty cleansing solution design for gas permeable ("GP") contact lenses.

- Artelac® is a solution in the form of eye drops to treat dry eyes caused by chronic tear dysfunction.

Device Products - Our principal device products include:

- A portfolio of ophthalmic surgical products, including (i) intraocular lenses such as Akreos®, enVista®, Crystalens®, and Trulign®, (ii) a suite of surgical instruments including Storz® and Synergetics®, and (iii) surgical equipment for cataract, refractive, and vitreoretinal surgery, such as Stellaris® PC, a vitreoretinal and cataract surgery system, VersaVIT2.0 for vitreoretinal surgery, and the VICTUS® femtosecond laser for cataract surgery.

- SofLens® Daily Disposable Contact Lenses use ComfortMoist® Technology (a combination of thin lens design and moisture-rich packaging solution) and High Definition Optics™, an aspheric design that reduces spherical aberration over a range of powers, especially in low light.

- Biotrue® ONEday daily disposable contact lenses are made of a unique material that works like the eye to form a dehydration barrier. The lens maintains over 98% of its moisture for up to 16 hours, it matches the water content of the cornea at 78%, and allows for the oxygen a healthy eye needs.

- Bausch + Lomb Ultra® is a silicone hydrogel frequent replacement contact lens that uses MoistureSeal® technology which allows the contact lens to retain 95% of moisture after 16 hours of wear, limiting lens dryness and resulting symptoms.

- PureVision® is a silicone hydrogel frequent replacement contact lens using AerGel® technology lens material to allow natural levels of oxygen to reach the eye as well as resist protein buildup. The lens also incorporates an aspheric optical design that reduces spherical aberration.

- Medical device systems for aesthetic applications including the Thermage CPT® system that provides non-invasive treatment options using radiofrequency energy for skin tightening.

Generic Products - Our principal branded and other generic products include:

- Tobramycin and Dexamethasone ophthalmic suspension is indicated for steroid responsive inflammatory ocular conditions where superficial bacterial ocular infection or a risk of bacterial ocular infection exists.

- Metronidazole is indicated to treat bacterial infections of the vagina, stomach, skin, joints, and respiratory tract.

- Retin-A Micro® (tretinoin gel) microsphere, 0.04%/0.1% Pump, is an oil-free prescription-strength acne treatment.

- Latanoprost is one of a group of medicines known as prostaglandins and is indicated to treat a type of glaucoma called open angle glaucoma and also ocular hypertension.

Other Revenues - We generate alliance revenue and service revenue from the licensing of products and from contract services mainly in the areas of dermatology and topical medication. Contract service revenue is derived primarily from contract manufacturing for third parties.

Emerging Markets

The Emerging Markets segment consists of branded generic pharmaceutical products and branded pharmaceuticals, OTC products, and medical device products. Products are sold primarily in Central and Eastern Europe (primarily Poland and Russia), Asia, Latin America (Mexico, Brazil, Argentina, and Colombia and exports out of Mexico to other Latin American markets), Africa and the Middle East.

Branded and Other Generic Products and Branded Pharmaceuticals - Our branded generics and branded pharmaceuticals businesses in Europe, Asia, Latin America, Africa and the Middle East cover a broad range of treatments, including antibiotics, treatments for cardiovascular and neurological diseases, dermatological products, diabetic therapies, and eye health products, among many others (inclusive of the acquisition of Mercury (Cayman) Holdings, the holding company of Amoun Pharmaceutical Company S.A.E. (“Amoun”), in October 2015).

OTC - Our principal OTC products include:

- ReNu Multiplus® is a sterile, preserved solution used to lubricate and rewet soft (hydrophilic) contact lenses. ReNu Multiplus® product contains povidone, a lubricant that can be used with daily, overnight, and disposable soft contact lenses.

- Bedoyecta® is a brand of vitamin B complex (B1, B6 and B12 vitamins) products. Bedoyecta® products act as energy improvement agents for fatigue related to age or chronic diseases, and as nervous system maintenance agents to treat neurotic pain and neuropathy. Bedoyecta® is sold in an injectable form, as well as in a tablet form.

- Artelac® is a solution in the form of eye drops to treat dry eyes caused by chronic tear dysfunction.

- Ocuvite® is a lutein eye vitamin and mineral supplement that contains lutein (an antioxidant carotenoid), a nutrient that supports macular health by helping filter harmful blue light.

Device Products - Our principal device products include:

- A portfolio of ophthalmic surgical products, including (i) intraocular lenses such as Akreos®, enVista®, Crystalens®, and Trulign®, (ii) a suite of surgical instruments including Storz® and Synergetics®, and (iii) surgical equipment for cataract, refractive, and vitreoretinal surgery, such as Stellaris® PC, a vitreoretinal and cataract surgery system, VersaVIT2.0 for vitreoretinal surgery, and the VICTUS® femtosecond laser for cataract surgery.

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- Medical device systems for aesthetic applications including the Thermage CPT® system that provides non-invasive treatment options using radiofrequency energy for skin tightening.

- SofLens® Daily Disposable Contact Lenses use ComfortMoist® Technology (a combination of thin lens design and moisture-rich packaging solution) and High Definition Optics™, an aspheric design that reduces spherical aberration over a range of powers, especially in low light.

Research and Development

Our research and development ("R&D") organization focuses on the development of products through clinical trials. Our research and development expenses for the years ended December 31, 2015, 2014 and 2013 were $334 million, $246 million and $157 million, respectively, excluding impairment charges. As of December 31, 2015, approximately 1,200 employees (including regulatory affairs and quality assurance employees) were involved in our R&D efforts.

For more information regarding our products in clinical development, see Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations - Products in Development" of this Form 10-K.

Trademarks, Patents and Proprietary Rights

We rely on a combination of contractual provisions, confidentiality policies and procedures and patent, trademark, copyright and trade secrecy laws to protect the proprietary aspects of our technology and business. Our policy is to vigorously protect, enforce and defend our rights to our intellectual property and proprietary rights, as appropriate. See Item 1A "Risk Factors" of this Form 10-K for additional information on the risk associated with our intellectual property and proprietary rights.

Trademarks

We believe that trademark protection is an important part of establishing product and brand recognition. We own or license a number of registered trademarks and trademark applications in the U.S., Canada and in various other countries throughout the world. U.S. federal registrations for trademarks remain in force for 10 years and may be renewed every 10 years after issuance, provided the mark is still being used in commerce. Trademark registrations in Canada remain in force for 15 years and may be renewed every 15 years after issuance, provided that, as in the case of U.S. federal trademark registrations, the mark is still being used in commerce. Other countries generally have similar but varying terms and renewal policies with respect to trademarks registered in those countries.

Data and Patent Exclusivity

For certain of our products, we rely on a combination of regulatory and patent rights to protect the value of our investment in the development of these products.

A patent is the grant of a property right which allows its holder to exclude others from, among other things, selling the subject invention in, or importing such invention into, the jurisdiction that granted the patent. In the U.S., Canada and the European Union ("EU"), generally patents expire 20 years from the date of application. We have obtained, acquired or in-licensed a number of patents and patent applications covering key aspects of certain of our principal products. In the aggregate, our patents are of material importance to our business taken as a whole. However, we do not consider any single patent material to our business as a whole.

In the U.S., the Hatch-Waxman Act provides non-patent regulatory exclusivity for five years from the date of the first FDA approval of a new drug compound in a New Drug Application ("NDA"). The FDA, with one exception, is prohibited during those five years from accepting for filing a generic, or ANDA, that references the NDA. In reference to the foregoing exception, if a patent is indexed in the FDA Orange Book for the new drug compound, a generic may file an ANDA four years from the NDA approval date if it also files a Paragraph IV Certification with the FDA challenging the patent. Protection under the Hatch-Waxman Act will not prevent the filing or approval of another full NDA. However, the NDA applicant would be required to conduct its own pre-clinical and adequate and well-controlled clinical trials to independently demonstrate safety and effectiveness.

A similar data exclusivity scheme exists in the EU, whereby only the pioneer drug company can use data obtained at the pioneer's expense for up to eight years from the date of the first approval of a drug by the European Medicines Agency ("EMA") and no generic drug can be marketed for ten years from the approval of the innovator product. Under both the U.S. and the EU data exclusivity programs, products without patent protection can be marketed by others so long as they repeat the clinical trials necessary to show safety and efficacy. Canada employs a similar data exclusivity regulatory regime for innovative drugs.

Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is a drug intended to treat a disease or condition that affects populations of fewer than 200,000 individuals in the U.S. or a disease whose incidence rates number more

than 200,000 where the sponsor establishes that it does not realistically anticipate that its product sales will be sufficient to recover its costs. The sponsor that obtains the first marketing approval for a designated orphan drug for a given rare disease is eligible to receive marketing exclusivity for use of that drug for the orphan indication for a period of seven years.

Proprietary Know-How

We also rely upon unpatented proprietary know-how, trade secrets and technological innovation in the development and manufacture of many of our principal products. We protect our proprietary rights through a variety of methods, including confidentiality and non-disclosure agreements and proprietary information agreements with vendors, employees, consultants and others who may have access to proprietary information.

Government Regulations

Government authorities in the U.S., at the federal, state and local level, in Canada, in the EU and in other countries extensively regulate, among other things, the research, development, testing, approval, manufacturing, labeling, post-approval monitoring and reporting, packaging, advertising and promotion, storage, distribution, marketing and export and import of pharmaceutical products and medical devices. As such, our products and product candidates are subject to extensive regulation both before and after approval. The process of obtaining regulatory approvals and the subsequent compliance with applicable federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with these regulations could result in, among other things, warning letters, civil penalties, delays in approving or refusal to approve a product candidate, product recall, product seizure, interruption of production, operating restrictions, suspension or withdrawal of product approval, injunctions or criminal prosecution.

Prior to human use, FDA approval (drugs (in the form of an NDA or ANDA for generic equivalents), biologics (in the form of a Biologics License Application ("BLA")) and some medical devices) or marketing clearance (other devices) must be obtained in the U.S., approval by Health Canada must be obtained in Canada, EMA approval (drugs) or a CE Marking (devices) must be obtained for countries that are part of the EU and approval must be obtained from comparable agencies in other countries prior to manufacturing or marketing new pharmaceutical products or medical devices. Generally, preclinical studies and clinical trials of the products must first be conducted and the results submitted to the applicable regulatory agency (such as the FDA) for approval.

Regulation by other federal agencies, such as the Drug Enforcement Administration ("DEA"), and state and local authorities in the U.S., and by comparable agencies in certain foreign countries, is also required. In the U.S., the Federal Trade Commission (the "FTC"), the FDA and state and local authorities regulate the advertising of medical devices, prescription drugs, over-the-counter drugs and cosmetics. The Federal Food, Drug and Cosmetic Act, as amended and the regulations promulgated thereunder, and other federal and state statutes and regulations, govern, among other things, the testing, manufacture, safety, effectiveness, labeling, storage, record keeping, approval, sale, distribution, advertising and promotion of our products. The FDA requires a Boxed Warning (sometimes referred to as a "Black Box" Warning) for products that have shown a significant risk of severe or life-threatening adverse events and similar warnings are also required to be displayed on the product in certain other jurisdictions.

Manufacturers of pharmaceutical products and medical devices are required to comply with manufacturing regulations, including current good manufacturing practices and quality system management requirements, enforced by the FDA and Health Canada, in the U.S. and Canada respectively, and similar regulations enforced by regulatory agencies in other countries and we may face ongoing audits of our facilities and plants and those of our contract manufacturers by the FDA and such other regulatory agencies. In addition, we are subject to price control restrictions on our pharmaceutical products in many countries in which we operate.

We are also subject to extensive U.S. federal and state health care marketing and fraud and abuse regulations, such as the federal False Claims Act, federal and provincial marketing regulation in Canada and similar regulations in foreign countries in which we may conduct our business. The federal False Claims Act imposes civil and criminal liability on individuals or entities who submit (or cause the submission of) false or fraudulent claims for payment to the government. The U.S. federal Anti-Kickback Statute prohibits persons or entities from knowingly and willfully soliciting, receiving, offering or providing remuneration, directly or indirectly, to induce either the referral of an individual, or the furnishing, recommending, or arranging for a good or service, for which payment may be made under a federal or state healthcare program such as the Medicare and Medicaid programs. Some state anti-kickback laws also prohibit such conduct where commercial insurance, rather than federal or state, programs are involved. Due to recent legislative changes, violations of the U.S. federal Anti-Kickback Statute also carry potential federal False Claims Act liability. In addition, in the U.S., companies may not promote drugs or medical devices for "off-label" uses - that is, uses that are not described in the product's labeling and that differ from those that were approved or cleared by the FDA - and "off-label promotion" has also formed the predicate for False Claims Act liability resulting in significant financial settlements. These and other laws and regulations, rules and policies may significantly impact the manner in which we are permitted to market our products. If our operations are found to be in violation of any of these laws, regulations, rules or policies or any other law or

governmental regulation, or if interpretations of the foregoing change, we may be subject to civil and criminal penalties, damages, fines, exclusion from the Medicare and Medicaid programs and the curtailment or restructuring of our operations.

We may also be subject to various privacy and security regulations, including, but not limited to, the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (collectively, "HIPAA"). HIPAA mandates, among other things, the adoption of uniform standards for the electronic exchange of information in common health care transactions (e.g., health care claims information and plan eligibility, referral certification and authorization, claims status, plan enrollment, coordination of benefits and related information), as well as standards relating to the privacy and security of individually identifiable health information. These standards require the adoption of administrative, physical and technical safeguards to protect such information. In addition, many states have enacted comparable laws addressing the privacy and security of health information, some of which are more stringent than HIPAA. Complying with these laws involves costs to our business, and failure to comply with these laws can result in the imposition of significant civil and criminal penalties.

Successful commercialization of our products may depend, in part, on the availability of governmental and third party payor reimbursement for the cost of our products. Third party payors may include government health administration authorities, private health insurers and other organizations. In the U.S., the E.U. and other significant or potentially significant markets for our products and product candidates, government authorities and third party payors are increasingly attempting to limit or regulate the price of medical products and services, which has resulted in lower average selling prices. In the U.S., these pressures can arise from rules and practices of managed care groups, judicial decisions and governmental laws and regulations related to Medicare, Medicaid and healthcare reform, pharmaceutical reimbursement policies and pricing in general. In particular, sales of our products may be subject to discounts from list price and rebate obligations, as well as formulary coverage decisions impacting or limiting the types of patients for whom coverage will be provided. Various U.S. healthcare and other laws regulate our interactions with government agencies, private insurance companies and other third party payors regarding coverage and reimbursement for our products. Failure to comply with these laws could subject us to civil, criminal and administrative sanctions. In countries outside the U.S., the success of our products may depend, at least in part, on obtaining and maintaining government reimbursement because in many countries, patients are unlikely to use prescription drugs that are not reimbursed by their governments. In addition, negotiating prices with certain governmental authorities for newly developed products can delay commercialization. In many international markets, governments control the prices of prescription pharmaceuticals, including through the implementation of reference pricing, price cuts, rebates, revenue-related taxes, tenders and profit control, and they expect prices of prescription pharmaceuticals to decline over the life of the product or as volumes increase.

See Item 1A “Risk Factors” of this Form 10-K for additional information on the risks associated with these regulations and related matters.

Environmental and Other Regulation

Our facilities and operations are subject to federal, state and local environmental and occupational health and safety laws and regulations in both the U.S. and countries outside the U.S., including those governing the discharges of substances into the air, water and land, the handling, storage and disposal of hazardous wastes, wastewater and solid waste, the cleanup of properties affected by known pollutants and other environmental matters. Certain of our development and manufacturing activities involve the controlled use of hazardous materials. We believe we are in compliance in all material respects with applicable environmental laws and regulations. We are not aware of any pending litigation or significant financial obligations arising from current or past environmental practices that are likely to have a material adverse effect on our financial position. We cannot assure, however, that environmental liabilities relating to facilities owned or operated by us will not develop in the future, and we cannot predict whether any such liabilities, if they were to develop, would require significant expenditures on our part. In addition, we are unable to predict what legislation or regulations may be adopted or enacted in the future with respect to environmental protection, hazardous materials management and waste disposal. See Item 1A “Risk Factors” of this Form 10-K for additional information.

Marketing and Customers

Our top four geographic markets by country, based on 2015 revenue, are: the U.S. and Puerto Rico, Canada, China and Poland, which represent 68%, 3%, 3% and 2% of our total revenue for the year ended December 31, 2015, respectively.

The following table identifies external customers that accounted for 10% or more of our total revenue for the years ended December 31, 2015, 2014 and 2013:

	2015	2014	2013
McKesson Corporation	20%	17%	19%
AmerisourceBergen Corporation	14%	10%	7%
Cardinal Health, Inc.	12%	9%	13%

No other customer generated over 10% of our total revenues.

We currently promote our pharmaceutical products to physicians, hospitals, pharmacies and wholesalers through our own sales force and sell through wholesalers. In some limited markets, we additionally sell directly to physicians, hospitals and large drug store chains and we sell through distributors in countries where we do not have our own sales staff. Certain products were dispensed through the Philidor pharmacy network. In October 2015, we announced that we would be severing all ties with Philidor, and effective November 1, 2015, we signed an agreement terminating all arrangements with or relating to Philidor, other than certain transition services which ended in January 2016 (see Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K for additional information regarding Philidor, as well as our new fulfillment agreements with Walgreens). As part of our marketing program for pharmaceuticals, we use direct to customer advertising, direct mailings, advertise in trade and medical periodicals, exhibit products at medical conventions and sponsor medical education symposia.

Competition

Competitive Landscape for Products and Products in Development

The pharmaceutical and medical device industries are highly competitive. Our competitors include specialty and other large pharmaceutical companies, medical device companies, biotechnology companies, OTC companies and generic manufacturers, in the U.S., Canada, Europe, Asia, Latin America and in other countries in which we market our products. The dermatology competitive landscape is highly fragmented, with a large number of mid-size and smaller companies competing in both the prescription sector and the OTC and cosmeceutical sectors. With respect to the GI market, generic entrants continue to capture significant share for treatment of many GI conditions. In the area of irritable bowel syndrome ("IBS") and opioid induced constipation ("OIC"), competitors have recently launched new competing products, which should increase the size of these markets and intensify competition. The market for eye health products is very competitive, both across product categories and geographies. In addition to larger diversified pharmaceutical and medical device companies, we face competition in the eye health market from mid-size and smaller, regional and entrepreneurial companies with fewer products in niche areas or regions.

Our competitors are pursuing the development and/or acquisition of pharmaceuticals, medical devices and OTC products that target the same diseases and conditions that we are targeting in dermatology and podiatry, GI disorders, eye health and other therapeutic areas. Academic and other research and development institutions may also develop products or technologies that compete with our products, which technologies and products may be acquired or licensed by our competitors. These competitors may have greater financial, R&D or marketing resources than we do. If competitors introduce new products, delivery systems or processes with therapeutic or cost advantages, our products can be subject to progressive price reductions or decreased volume of sales, or both. Most new products that we introduce must compete with other products already on the market or products that are later developed by competitors.

We sell a broad range of products, and competitive factors vary by product line and geographic area in which the products are sold. The principal methods of competition for our products include quality, efficacy, market acceptance, price, and marketing and promotional efforts.

Generic Competition

We face increased competition from manufacturers of generic pharmaceutical products when patents covering certain of our currently marketed products expire or are successfully challenged or when the regulatory exclusivity for our products expires or is otherwise lost. Generic versions are generally significantly less expensive than branded versions, and, where available, may be required to be utilized before or in preference to the branded version under third party reimbursement programs, or substituted by pharmacies. Accordingly, when a branded product loses its market exclusivity, it normally faces intense price competition from generic forms of the product. To successfully compete for business with managed care and pharmacy benefits management organizations, we must often demonstrate that our products offer not only medical benefits, but also cost advantages as compared with other forms of care.

A number of our products already face generic competition, including, among others, Glumetza®, Vanos® (in the U.S.), Wellbutrin XL® (in the U.S. and Canada), Zovirax® ointment, certain strengths of Retin-A Micro®, Carac®, Xenazine®, Targetin® capsules, Atralin®, and Tasmar®. In addition, certain of our products face the expiration of their patent or regulatory

exclusivity in 2016 or in later years, following which we anticipate generic competition of these products. In addition, in certain cases, as a result of negotiated settlements of some of our patent infringement proceedings against generic competitors, we have granted licenses to such generic companies, which will permit them to enter the market with their generic products prior to the expiration of our applicable patent or regulatory exclusivity. Finally, for certain of our products that lost patent or regulatory exclusivity in prior years, we anticipate that generic competitors may launch in 2016 or in later years. Our products facing a potential loss of exclusivity and/or generic competition in 2016 and in later years include, among others, the following: in 2016, Ziana®, Zirgan®, Visudyne®, Zegerid®, Virazole®, and Nitropress®; in 2017, Lotemax® Gel, Macugen®, Deflux®, Solesta®, and Isuprel®; in 2018, Acanya®, Solodyn&1174;, Istalol®, Elidel®, and Moviprep®; in 2019, Zyclara®; and in 2020, Luzu® and Tiazac® (in Canada).

In addition, for a number of our products (including Xifaxan®, Relistor®, Onexton®, Prolensa®, Uceris®, Moviprep®, Acanya®, Bepreve® and Apriso®), we have commenced infringement proceedings against potential generic competitors in the U.S. and Canada. If we are not successful in these proceedings, we may face increased generic competition for these products. See Note 21 titled "LEGAL PROCEEDINGS" of notes to consolidated financial statements in Item 15 of this Form 10-K for additional details regarding certain of these infringement proceedings.

See Item 1A “Risk Factors” of this Form 10-K for additional information on our competition risks.

Manufacturing

We currently operate approximately 50 manufacturing plants worldwide. All of our manufacturing facilities that require certification from the FDA, Health Canada or foreign agencies have obtained such approval.

We also subcontract the manufacturing of certain of our products, including products manufactured under the rights acquired from other pharmaceutical companies. Generally, where the selling company is manufacturing the acquired products, acquired products continue to be produced for a specific period of time by the selling company. During that time, we integrate the products into our own manufacturing facilities or initiate manufacturing agreements with third parties. Where the acquired products are manufactured by contract manufacturers, we generally assume those arrangements from the selling company.

Products representing approximately half of our product sales for 2015 are produced by third party manufacturers under manufacturing arrangements.

In some cases, the principal raw materials, including active pharmaceutical ingredient, used by us (or our third party manufacturers) for our various products are purchased in the open market or are otherwise available from several sources. However, some of the active pharmaceutical ingredients and other raw materials used in our products and some of the finished products themselves are currently only available from a single source; or others may in the future become available from only one source. In addition, in some cases, only a single source of such active pharmaceutical ingredient is identified in filings with regulatory agencies, including the FDA, and cannot be changed without prior regulatory approval. Any disruption in the supply of any such single-sourced active pharmaceutical ingredient, other raw material or finished product or an increase in the cost of such materials or products could adversely impact our ability to manufacture or sell such products, the ability of our third party manufacturers to supply us with such products, or our profitability. We attempt to manage the risks associated with reliance on single sources of active pharmaceutical ingredient, other raw materials or finished products by carrying additional inventories or, where possible, developing second sources of supply. See Item 1A “Risk Factors” of this Form 10-K for additional information on the risks associated with our manufacturing arrangements.

Employees

As of December 31, 2015, we had approximately 22,000 employees. These employees included approximately 10,100 in production, 8,600 in sales and marketing, 2,100 in general and administrative positions and 1,200 in R&D (including regulatory affairs and quality assurance). Collective bargaining exists for some employees in a number of countries in which we do business. We consider our relations with our employees to be good and have not experienced any work stoppages, slowdowns or other serious labor problems that have materially impeded our business operations.

Product Liability Insurance

Since March 31, 2014, we have self-insured substantially all of our product liability risk for claims arising after that date. In the future, we will continue to re-evaluate our decision to self-insure and may purchase additional product liability insurance to cover product liability risk. See Item 1A “Risk Factors” of this Form 10-K for additional information.

Seasonality of Business

As long as the common shares are then listed on a "designated stock exchange", which currently includes the NYSE and TSX, the common shares generally will not constitute taxable Canadian property of a U.S. Holder, unless (a) at any time during the 60-month period preceding the disposition, the U.S. Holder, persons not dealing at arm's length with such U.S. Holder or the U.S. Holder together with all such persons, owned 25% or more of the issued shares of any class or series of the capital stock of the Company and more than 50% of the fair market value of the common shares was derived, directly or indirectly, from any combination of (i) real or immoveable property situated in Canada, (ii) "Canadian resource property" (as such term is defined in the Canadian Tax Act), (iii) "timber resource property" (as such terms are defined in the Canadian Tax Act), or (iv) options in respect of, or interests in, or for civil law rights in, any such properties whether or not the property exists, or (b) the common shares are otherwise deemed to be taxable Canadian property.

Common shares will be treaty-protected property where the U.S. Holder is exempt from income tax under the Canadian Tax Act on the disposition of common shares because of the U.S. Treaty. Common shares owned by a U.S. Holder will generally be treaty-protected property where the value of the common shares is not derived principally from real property situated in Canada, as defined in the U.S. Treaty.

Dividends on Common Shares

Dividends paid or credited on the common shares or deemed to be paid or credited on the common shares to a U.S. Holder that is the beneficial owner of such dividends will generally be subject to non-resident withholding tax under the Canadian Tax Act and the U.S. Treaty at the rate of (a) 5% of the amounts paid or credited if the U.S. Holder is a company that owns (or is deemed to own) at least 10% of our voting stock, or (b) 15% of the amounts paid or credited in all other cases. The rate of withholding under the Canadian Tax Act in respect of dividends paid to non-residents of Canada is 25% where no tax treaty applies.

Securities Authorized for Issuance under Equity Compensation Plans

Information required under this Item will be included in our definitive proxy statement for the 2016 Annual Meeting of Shareholders expected to be filed with the SEC no later than 120 days after the end of the fiscal year covered by this Form 10-K (the "2016 Proxy Statement"), and such required information is incorporated herein by reference.

Purchases of Equity Securities by the Company and Affiliated Purchases

Set forth below is the information regarding our purchases of equity securities during the fourth quarter of the year ended December 31, 2015:

Period	Total Number of Shares (or Units) Purchased[1][2]	Average Price Paid Per Share[3]	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number (Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plan[1]
				(In millions)
October 1, 2015 to October 31, 2015	200,000	$ 111.50	200,000	$ 1,928
November 1, 2015 to November 30, 2015	-	$ -	-	$ 3,000
December 1, 2015 to December 31, 2015	-	$ -	-	$ 3,000
Total	200,000	$ 111.50	200,000	

(1) On November 20, 2014, our Board of Directors authorized the repurchase of up to $2.00 billion of senior notes, common shares and/or other securities, subject to any restrictions in our financing agreements and applicable law (the "2014 Securities Repurchase Program"). The 2014 Securities Repurchase Program terminated on November 20, 2015. On November 18, 2015, the Company's Board of Directors approved a new securities repurchase program (the "2015 Securities Repurchase Program"). Under the 2015 Securities Repurchase Program, which commenced on November 21, 2015, the Company could make purchases of up to $3.00 billion of its senior notes, common shares and/or other securities prior to the completion of the program, subject to any restrictions in the Company's financing agreements and applicable law. The 2015 Securities Repurchase Program will terminate on November 20, 2016.

(2) During the three-month period ended December 31, 2015, we repurchased $22 million of common shares (subsequently cancelled) under the 2014 Securities Repurchase Program and made no purchases of our senior notes under the 2014 Securities Repurchase Program. During the three-month period ended December 31, 2015, we did not make any repurchases of our senior notes or common shares under the 2015 Securities Repurchase Program. For more information regarding our repurchase programs, see Note 15 titled "SECURITIES REPURCHASES AND SHARE ISSUANCES" of notes to consolidated financial statements in Item 15 of this Form 10-K.

(3) The average price paid per share excludes any broker commissions.

Item 6. Selected Financial Data

The following table of selected consolidated financial data of our Company has been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The consolidated financial statements as of and for the year ended December 31, 2014 have been restated as set forth in this Form 10-K. For additional information and a detailed discussion of the restatement, see Note 2 titled "RESTATEMENT" of notes to consolidated financial statements in Item 15 of this Form 10-K. The data is qualified by reference to, and should be read in conjunction with the consolidated financial statements and related notes thereto prepared in accordance with U.S. GAAP (see Item 15 "Exhibits and Financial Statement Schedules" of this Form 10-K as well as the discussion in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations"). All dollar amounts are expressed in millions of U.S. dollars, except per share data.

	Years Ended December 31,				
	2015	2014 (Restated)	2013[1]	2012	2011
Consolidated operating data:					
Revenues	$ 10,446.5	$ 8,206.0	$ 5,769.6	$ 3,480.4	$ 2,427.5
Operating income (loss)	1,527.4	2,000.7	(409.5)	79.7	300.0
Net (loss) income attributable to Valeant Pharmaceuticals International, Inc.	(291.7)	880.7	(866.1)	(116.0)	159.6
(Loss) earnings per share attributable to Valeant Pharmaceuticals International, Inc.:					
Basic	$ (0.85)	$ 2.63	$ (2.70)	$ (0.38)	$ 0.52
Diluted	$ (0.85)	$ 2.58	$ (2.70)	$ (0.38)	$ 0.49
Cash dividends declared per share	$ -	$ -	$ -	$ -	$ -

	At December 31,				
	2015	2014 (Restated)	2013[1]	2012	2011
Consolidated balance sheet information:					
Cash and cash equivalents	$ 597.3	$ 322.6	$ 600.3	$ 916.1	$ 164.1
Working capital[2]	194.6	1,423.3	1,373.4	954.7	433.2
Total assets[3]	48,964.5	26,304.7	27,932.9	17,910.5	13,049.6
Long-term debt, including current portion[3]	31,088.4	15,228.9	17,329.8	10,975.7	6,592.5
Common shares	9,897.4	8,349.2	8,301.2	5,940.7	5,963.6
Valeant Pharmaceuticals International, Inc. shareholders' equity	5,911.0	5,279.4	5,118.7	3,717.4	3,929.8
Number of common shares issued and outstanding (in millions)	342.9	334.4	333.0	303.9	306.4

(1) In 2013, we recognized an impairment charge of $552 million related to ezogabine/retigabine (immediate-release formulation), and we wrote off an IPR&D asset of $94 million relating to a modified-release formulation of ezogabine/retigabine. For more information regarding these impairment charges and other impairment charges, see Note 7 titled "FAIR VALUE MEASUREMENTS" and Note 11 titled "INTANGIBLE ASSETS AND GOODWILL" of notes to consolidated financial statements in Item 15 of this Form 10-K.

(2) Represents current assets less current liabilities. The reduction in working capital in 2015 primarily relates to an increase in the current portion of long-term debt as well as an accrual for $500 million in deferred consideration related to the acquisition of Sprout Pharmaceuticals, Inc. (the "Sprout Acquisition") (the $500 million was paid in the first quarter of 2016). For more information regarding debt and the Sprout Acquisition, see Note 13 titled "LONG-TERM DEBT" and Note 4 titled "ACQUISITIONS" of notes to consolidated financial statements in Item 15 of this Form 10-K.

(3) In the second quarter of 2015, the Company adopted guidance issued by the Financial Accounting Standards Board which requires certain debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt, consistent with the presentation of a debt discount. The adoption of this guidance, which was applied retrospectively to all periods presented, impacted presentation only. The resulting reclassifications between assets and long-term debt did not have a material impact on the Company's financial statements.

The amounts presented in the tables above also include the impact of several acquisitions and divestitures of businesses and assets. For more information regarding our acquisitions and divestitures, see Note 4 titled "ACQUISITIONS" and Note 5 titled "DIVESTITURES" of notes to consolidated financial statements in Item 15 of this Form 10-K.

In 2015, 2014 and 2013, we incurred costs of $28 million, $9 million and $3 million, respectively, related to the annual fee assessed on prescription drug manufacturers and importers that sell branded prescription drugs to specified U.S. government programs (e.g., Medicare and Medicaid). We also incurred costs of $104 million, $43 million and $29 million on Medicare Part D utilization incurred by beneficiaries whose prescription drug costs cause them to be subject to the Medicare Part D coverage gap (i.e., the "donut hole") in 2015, 2014 and 2013, respectively. The increase in Medicare Part D coverage gap liability is mainly due to Xifaxan®. Under the legislation, the total cost incurred by us for the medical device excise tax during 2015, 2014 and 2013 was $5 million, $6 million, and $4 million, respectively.

In July 2014, the Internal Revenue Service issued final regulations related to the branded pharmaceutical drug annual fee pursuant to the Act. Under the final regulations, an entity's obligation to pay the annual fee is triggered by qualifying sales in the current year, rather than the liability being triggered upon the first qualifying sale of the following year. We adopted this guidance in the third quarter of 2014, and it did not have a material impact on our financial position or results of operations.

The financial impact of the Act may be affected by certain additional developments over the next few years, including pending implementation guidance and certain healthcare reform proposals. Additionally, policy efforts designed specifically to reduce patient out-of-pocket costs for medicines could result in new mandatory rebates and discounts or other pricing restrictions. Legislative efforts relating to drug pricing have been proposed and considered at the U.S. federal and state level. In addition, a number of the candidates for the 2016 U.S. presidential elections have introduced such policy proposals, and a November 2015 U.S. Department of Health and Human Services forum dedicated to drug pricing could lead to further proposals.

SELECTED FINANCIAL INFORMATION

The following table provides selected financial information for each of the last three years:

	Years Ended December 31,			Change			
	2015	2014 (Restated)	2013	2014 to 2015 (Restated)		2013 to 2014 (Restated)	
($ in millions, except per share data)	$	$	$	$	%	$	%
Revenues	10,446.5	8,206.0	5,769.6	2,240.5	27	2,436.4	42
Operating expenses	8,919.1	6,205.3	6,179.1	2,713.8	44	26.2	-
Net (loss) income attributable to Valeant Pharmaceuticals International, Inc.	(291.7)	880.7	(866.1)	(1,172.4)	NM	1,746.8	NM
(Loss) earnings per share attributable to Valeant Pharmaceuticals International, Inc.:							
Basic	(0.85)	2.63	(2.70)	(3.48)	NM	5.33	NM
Diluted	(0.85)	2.58	(2.70)	(3.43)	NM	5.28	NM

NM - Not meaningful

Financial Performance

Changes in Revenues

Total revenues increased $2.24 billion, or 27%, to $10.45 billion in 2015, primarily due to incremental product sales revenue of $2.21 billion, in the aggregate, from all 2014 and 2015 acquisitions. This increase was partially offset by (i) a negative foreign currency exchange impact on the existing business of $597 million in 2015, and (ii) a negative impact from divestitures and discontinuations of $141 million in 2015. Excluding the items described above, we realized incremental product sales revenue of $763 million in 2015 related to growth from the remainder of the existing business.

In October 2015, we announced that we would be severing all ties with and relating to the Philidor Rx Services, LLC ("Philidor") pharmacy network, which is consolidated as a variable interest entity within our consolidated financial statements as of December 31, 2014 and December 31, 2015. Effective November 1, 2015, we signed a termination agreement terminating all arrangements with and relating to Philidor, other than certain transition services which ended in January 2016, and Philidor will be deconsolidated from our consolidated financial statements in the first quarter of 2016 (For more information regarding Philidor, see Note 4 titled "ACQUISITIONS" of notes to consolidated financial statements in Item 15 of this Form 10-K). Net sales recognized through Philidor represented approximately 5% of our total consolidated net revenue for 2015. The impact of Philidor as a consolidated entity on our net revenue for 2014 was nominal (and the net revenue on sales to Philidor prior to its consolidation within our consolidated financial statements represented less than 1% of our total consolidated net revenue for 2014).

In December 2015, we announced new fulfillment agreements with Walgreens and indicated that we intend to extend these programs to additional participating independent retail pharmacies. In conjunction with the fulfillment agreements, we will reduce prices of certain products within our branded prescription-based dermatological and ophthalmological businesses by, on average, approximately 10 percent. The reduced pricing will apply to the wholesale list prices of the products and will be phased in over six to nine months following the launch of the program (January 2016). Under the terms of the brand fulfillment agreement, we will make available certain of our products to eligible patients through a patient access and co-pay program available at Walgreens U.S. retail pharmacy locations, as well as participating independent retail pharmacies. The programs under this 20-year agreement will initially cover certain of our dermatology products, including Jublia®, Luzu®, Solodyn®, Retin-A Micro® Gel 0.08%, Onexton® and Acanya® Gel, certain of our ophthalmology products, including Besivance®, Lotemax®, Alrex®, Prolensa®, Bepreve®, and Zylet®, and Addyi®. We also entered into a separate generic fulfillment agreement with Walgreens, which we plan to make available through Walgreens retail pharmacies in the second half of 2016. As a result of these new fulfillment agreements, in 2016, we anticipate the impact across all distribution channels of increased volume will approximate the impact of lower average selling prices. Over time, we anticipate the impact of the increased volume will more than offset the impact of lower average selling prices.

Total revenues increased $2.44 billion, or 42%, to $8.21 billion in 2014, primarily due to incremental product sales revenue of $2.28 billion, in the aggregate, from all 2013 and 2014 acquisitions, partially offset by (i) a negative impact from divestitures, discontinuations and supply interruptions of $323 million in 2014 and (ii) a negative foreign currency exchange impact on the existing business of $165 million in 2014. Excluding the items described above, we realized incremental product sales revenue of $613 million in 2014 related to growth from the remainder of the existing business, partially offset by the impact of generic competition in the Developed Markets segment.

The above changes in revenues are further described below under "-Results of Operations-Revenues by Segment".

As is customary in the pharmaceutical industry, our gross product sales are subject to a variety of deductions in arriving at reported net product sales. Provisions for these deductions are recorded concurrently with the recognition of gross product sales revenue and include cash discounts and allowances, chargebacks, and distribution fees, which are paid to direct customers, as well as rebates and returns, which can be paid to both direct and indirect customers. Price appreciation credits are generated when we increase a product's wholesaler acquisition cost ("WAC") under our contracts with certain wholesalers. Under such contracts, we are entitled to credits from such wholesalers for the impact of that WAC increase on inventory currently on hand at the wholesalers. Such credits are used to offset against the total distribution service fees we pay on all of our products to each wholesaler. Net revenue on these credits is recognized on the date that the wholesaler is notified of the price increase. Provision balances relating to estimated amounts payable to direct customers are netted against accounts receivable, and balances relating to indirect customers are included in accrued liabilities. The provisions recorded to reduce gross product sales to net product sales were as follows:

	Years Ended December 31,		
	2015	2014 (Restated)	2013
($ in millions)	**$**	**$**	**$**
Gross product sales	15,508.2	11,436.6	7,849.8
Provisions to reduce gross product sales to net product sales	5,216.0	3,390.5	2,209.5
Net product sales	10,292.2	8,046.1	5,640.3
Percentage of provisions to gross sales	34%	30%	28%

Provisions as a percentage of gross sales increased to 34% in 2015 from 30% in 2014. The increase was driven primarily by product mix due to increased sales of products which carry higher contractual rebates and co-pay assistance programs, including the impact of gross price increases where customers receive incremental rebates based on contractual price increase limitations. Specifically, the comparisons were impacted primarily by (i) higher provisions for rebates, chargebacks, and returns, including managed care rebates for Jublia® and the co-pay assistance programs for launch products and other promoted products including Jublia®, Onexton®, Retin-A Micro® Microsphere 0.08% ("RAM 0.08%"), and Solodyn®, as well as Salix products and (ii) higher rebate percentages for sales to the U.S. government (including Wellbutrin XL®).

Provisions as a percentage of gross sales increased to 30% in 2014 from 28% in 2013. The increase was driven primarily by higher provisions for returns and rebates, including the new co-pay assistance programs for launch products including Jublia®, Luzu®, and RAM 0.08%, as well as increased sales of generic products and Wellbutrin XL® (to the U.S. government), which have higher rebate percentages.

During the fourth quarter of 2015, we identified a misclassification between previously reported "Gross product sales" and "Provisions to reduce gross product sales to net product sales" in the table above. This misclassification did not impact "Net product sales" as reported in the consolidated statements of (loss) income. For the full year 2014 and the nine months ended September 30, 2015, we previously reported "Gross product sales" of $11,594 million and $11,885 million, respectively, which after adjusting for the misclassification, should have been $11,517 million and $11,106 million, respectively, prior to reflecting the effect of the restatement discussed in Note 2 titled "RESTATEMENT" of notes to consolidated financial statements. For the full year 2014 and the nine months ended September 30, 2015, we previously reported "Provisions to reduce gross product sales to net product sales" of $3,490 million and $4,295 million, respectively, which after adjusting for the misclassification, should have been $3,413 million and $3,516 million, respectively, prior to reflecting the effect of the restatement discussed in Note 2 titled "RESTATEMENT" of notes to consolidated financial statements. This misclassification relates to the presentation of gross product sales and related provisions for sales through Philidor, subsequent to the consolidation of Philidor in December 2014. The amounts reflected in the table above reflect the correction of this misclassification as well as the effect of the restatement.

Changes in Earnings Attributable to Valeant Pharmaceuticals International, Inc.

Net loss attributable to Valeant Pharmaceuticals International, Inc. was $292 million in 2015, compared with net income attributable to Valeant Pharmaceuticals International, Inc. of $881 million in 2014, reflecting the following factors: (i) an increase in contribution (product sales revenue less cost of goods sold, exclusive of amortization and impairments of finite-lived intangible assets) of $1.89 billion in 2015 more than offset by (ii) an increase in operating expenses driven mainly by an increase in amortization and impairments of finite-lived intangible assets, selling, general and administrative expenses, and other expense, and (iii) an increase in non-operating expenses driven mainly by interest expense. Operating expenses in the fourth quarter of 2015 include the impact from the termination of the Philidor arrangement (the termination was announced in October 2015), including impairments of intangible assets and property, plant and equipment of $102 million, in the aggregate, and incremental accounts receivable reserves of $27 million, partially offset by a contingent consideration gain of $47 million related to fair value adjustments to sales-based milestones.

Net income attributable to Valeant Pharmaceuticals International, Inc. was $881 million in 2014, compared with net loss attributable to Valeant Pharmaceuticals International, Inc. of $866 million in 2013, reflecting the following factors: (i) an increase in contribution (product sales revenue less cost of goods sold, exclusive of amortization and impairments of finite-lived intangible assets) of $2.07 billion in 2014, (ii) higher impairment charges in 2013 (primarily driven by the impairment charge for ezogabine/retigabine) and (iii) a net gain related to the divestiture of facial aesthetic fillers and toxins assets in 2014, partially offset by (iv) an increase in selling, general and administrative expenses, (v) an increase in the provision for income taxes and (vi) an increase in non-operating expense, net which included increases in interest expense, loss on extinguishment of debt, and foreign exchange and other, which were partially offset by the net gain recognized in connection with the sale by PS Fund 1, LLC ("PS Fund 1") of the Allergan Inc. ("Allergan") shares.

The above changes are further described below under "Results of Operations".

RESULTS OF OPERATIONS

Reportable Segments

We have two operating and reportable segments: (i) Developed Markets, and (ii) Emerging Markets. The following is a brief description of our segments as of December 31, 2015:

- ***Developed Markets*** consists of (i) sales in the U.S. of pharmaceutical products, OTC products, and medical device products, as well as alliance and contract service revenues, in the areas of dermatology and podiatry, neurology, gastrointestinal disorders, eye health, oncology and urology, dentistry, aesthetics, and women's health and (ii) pharmaceutical products, OTC products, and medical device products sold in Western Europe, Canada, Japan, Australia and New Zealand.

- ***Emerging Markets*** consists of branded generic pharmaceutical products and branded pharmaceuticals, OTC products, and medical device products. Products are sold primarily in Central and Eastern Europe (primarily Poland and Russia), Asia, Latin America (Mexico, Brazil, Argentina, and Colombia and exports out of Mexico to other Latin American markets), Africa and the Middle East.

Revenues By Segment

Our primary sources of revenues are the sale of pharmaceutical products, OTC products, and medical devices. The following table displays revenues by segment for each of the last three years, the percentage of each segment's revenues compared with total

revenues in the respective year, and the dollar and percentage change in the dollar amount of each segment's revenues. Percentages may not sum due to rounding.

	Years Ended December 31,						Change			
	2015		2014 (Restated)		2013		2014 to 2015 (Restated)		2013 to 2014 (Restated)	
($ in millions)	$	%	$	%	$	%	$	%	$	%
Developed Markets	8,537.3	82	6,109.6	74	4,293.2	74	2,427.7	40	1,816.4	42
Emerging Markets	1,909.2	18	2,096.4	26	1,476.4	26	(187.2)	(9)	620.0	42
Total revenues	10,446.5	100	8,206.0	100	5,769.6	100	2,240.5	27	2,436.4	42

2015 vs 2014

Total revenues increased $2.24 billion, or 27%, to $10.45 billion in 2015. The growth was mainly attributable to the effect of the following factors:

Developed Markets segment:

- the incremental product sales revenue of $2.12 billion, in the aggregate, from all 2014 and 2015 acquisitions, primarily from the 2015 acquisitions of Salix (mainly driven by Xifaxan®, as well as Glumetza®, Uceris®, Apriso®, and Omeprazole product sales), certain assets of Marathon (mainly driven by Isuprel® and Nitropress® product sales), and certain assets of Dendreon (Provenge® product sales). Of the $2.12 billion increase, approximately one-quarter of such amount was attributable to price increases implemented subsequent to such acquisitions (primarily related to Isuprel®, Nitropress®, and Glumetza®). Regarding the Salix Acquisition, wholesaler inventory levels were reduced to less than two months at December 31, 2015, and we anticipate selling to demand by the second quarter of 2016. Overall, our U.S. wholesaler inventory levels were approximately 1.5 months at December 31, 2015, slightly under two months at December 31, 2014, and approximately 1.5 months at December 31, 2013.

These factors were partially offset by:

- a negative foreign currency exchange impact on the existing business of $246 million in 2015, due to the impact of a strengthening of the U.S. dollar against certain currencies, including the Euro, Canadian dollar, Australian dollar, and Japanese yen; and

- a negative impact from divestitures and discontinuations of $121 million in 2015, primarily driven by $94 million in the U.S. related to the divestiture in the third quarter of 2014 of facial aesthetic fillers and toxins.

Excluding the items described above, we realized incremental product sales revenue from the remainder of the existing business of $667 million in 2015, driven by pricing actions, including those implemented in the first three quarters of 2015, in particular with respect to the neurology portfolio. These pricing actions included approximately $130 million of price appreciation credits. Volume was essentially flat as gains realized during the first nine months of 2015 were offset by volume reductions in the fourth quarter of 2015 primarily due to continued declines in neurology and lower volumes in dermatology as a result of the wind-down of the Philidor relationship. For the full year, volume reflects decreases in the Cardizem® family due to supply issues, Zovirax® and Targretin® due to generic competition, and Acanya® due to our competitive launch of the next-generation product, Onexton®, offset by increased volumes reflecting (1) higher sales of (i) Jublia® (launched in mid-2014), (ii) the Retin-A® franchise (including the launch of RAM 0.08% in mid-2014), (iii) Onexton® (launched in the fourth quarter of 2014), (iv) Arestin®, (v) Xenazine®, (vi) CeraVe® and (vii) Bausch + Lomb Ultra® and (2) higher sales from other recent product launches, including the launch of Biotrue® ONEday.

Emerging Markets segment:

- the incremental product sales revenue of $92 million, in the aggregate, from all 2014 and 2015 acquisitions, including the 2015 acquisition of Amoun.

This factor was more than offset by:

- a negative foreign currency exchange impact on the existing business of $351 million in 2015, due to the impact of a strengthening of the U.S. dollar against certain currencies, including the Russian ruble, Polish zloty, Euro, Brazilian real, and the Mexican peso; and

- a negative impact from divestitures and discontinuations of $20 million in 2015, primarily from Latin America.

Excluding the items described above, we realized incremental product sales revenue from the remainder of the existing business of $96 million in 2015, driven primarily by volume. The overall growth primarily reflected higher sales in Asia (primarily China), Mexico, and Middle East/North Africa, partially offset by declining sales in Russia. Our wholesaler inventory levels in Russia and Poland, in the aggregate, approximated four to five months during 2015 (as compared to approximately three to four months during 2014). During 2016, our goal is to bring such inventory levels below three months on hand, in-line with our targeted levels for such markets, which we anticipate will reduce revenue by approximately $50 million in 2016.

2014 vs 2013

Total revenues increased $2.44 billion, or 42%, to $8.21 billion in 2014 primarily due to growth from acquisitions, including the B&L Acquisition. The remaining growth in 2014 reflected both price and volume, with slightly more than half of the growth from price. In the Developed Markets, the majority of growth was driven by price, and in the Emerging Markets, the growth was driven almost entirely by volume. The growth was mainly attributable to the effect of the following factors:

Developed Markets segment:

- the incremental product sales revenue of $1.70 billion, in the aggregate, from all 2013 and 2014 acquisitions, primarily from (i) the 2013 acquisition of B&L (driven by Ocuvite®/PreserVision®, Lotemax®, ReNu Multiplus®, and Biotrue® Multipurpose solution product sales) and (ii) the 2014 acquisition of Solta Medical (mainly driven by Thermage CPT® system product sales) and PreCision (mainly driven by Clindagel® product sales); and

- an increase in other revenues of $23 million in 2014, primarily related to higher royalty revenue.

Those factors were partially offset by:

- a negative impact from divestitures, discontinuations and supply interruptions of $263 million in 2014, primarily driven by a decrease of $174 million related to the divestiture in the third quarter of 2014 of facial aesthetic fillers and toxins, as well as the discontinuation of Maxair® and the divestiture of Buphenyl® in 2013; and

- a negative foreign currency exchange impact on the existing business of $60 million in 2014 due to the impact of a strengthening of the U.S. dollar against certain currencies, including the Canadian dollar, Japanese yen, and Australian dollar.

Excluding the items described above, we realized incremental product sales revenue from the remainder of the existing business of $417 million in 2014. The growth reflected (1) higher sales of (i) orphan products (Syprine® and Xenazine®), (ii) Targretin®, (iii) Wellbutrin XL® (U.S.), and (iv) Jublia® and (2) higher sales from recent product launches, including the launches of RAM 0.08% and Luzu®, partially offset by a decrease in product sales of $172 million, in the aggregate, due to generic competition. The decrease from generic competition related to a decline in sales of the Vanos®, Retin-A Micro® (excluding RAM 0.08%) and Zovirax® franchises and Wellbutrin® XL (Canada).

Emerging Markets segment:

- the incremental product sales revenue of $581 million, in the aggregate, from all 2013 and 2014 acquisitions, primarily from the 2013 acquisition of B&L (driven by ReNu Multiplus®, Ocuvite®, and Artelac® product sales) and the 2014 acquisition of Solta Medical (mainly driven by Thermage CPT® system product sales).

This factor was partially offset by:

- a negative foreign currency exchange impact on the existing business of $105 million in 2014 due to the impact of a strengthening of the U.S. dollar against certain currencies, in particular the Russian ruble; and

- a negative impact from divestitures, discontinuations and supply interruptions of $60 million in 2014, primarily from Eastern Europe and Brazil.

Excluding the items described above, we realized incremental product sales revenue from the remainder of the existing business of $196 million in 2014. The growth reflected higher sales in Eastern Europe, Middle East and North Africa, Southeast Asia and Mexico.

Segment Profit

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(All dollar amounts expressed in millions of U.S. dollars)

	As of December 31,	
	2015	2014 (Restated)
Assets		
Current assets:		
Cash and cash equivalents	$ 597.3	$ 322.6
Trade receivables, net	2,686.9	2,075.8
Inventories, net	1,256.6	889.2
Prepaid expenses and other current assets	966.4	650.8
Deferred tax assets, net (Note 3)	-	193.3
Total current assets	5,507.2	4,131.7
Property, plant and equipment, net	1,441.8	1,312.3
Intangible assets, net	23,083.0	11,277.9
Goodwill	18,552.8	9,361.4
Deferred tax assets, net	156.0	54.0
Other long-term assets, net	223.7	167.4
Total assets	$ 48,964.5	$ 26,304.7
Liabilities		
Current liabilities:		
Accounts payable	$ 433.7	$ 398.0
Accrued and other current liabilities	3,859.1	2,157.0
Acquisition-related contingent consideration	196.8	141.8
Current portion of long-term debt	823.0	0.9
Deferred tax liabilities, net (Note 3)	-	10.7
Total current liabilities	5,312.6	2,708.4
Acquisition-related contingent consideration	959.1	205.8
Long-term debt	30,265.4	15,228.0
Pension and other benefit liabilities	190.4	239.8
Liabilities for uncertain tax positions	120.2	102.6
Deferred tax liabilities, net	5,902.4	2,221.3
Other long-term liabilities	184.6	197.1
Total liabilities	42,934.7	20,903.0
Commitments and contingencies (Notes 21 and 22)		
Equity		
Common shares, no par value, unlimited shares authorized, 342,926,531 and 334,402,964 issued and outstanding at December 31, 2015 and 2014, respectively	9,897.4	8,349.2
Additional paid-in capital	304.9	243.9
Accumulated deficit	(2,749.7)	(2,397.8)
Accumulated other comprehensive loss	(1,541.6)	(915.9)
Total Valeant Pharmaceuticals International, Inc. shareholders' equity	5,911.0	5,279.4
Noncontrolling interest	118.8	122.3
Total equity	6,029.8	5,401.7
Total liabilities and equity	$ 48,964.5	$ 26,304.7

On behalf of the Board:

/s/ J. MICHAEL PEARSON	/s/ NORMA A. PROVENCIO
J. Michael Pearson	Norma A. Provencio
Chief Executive Officer	Chairperson, Audit and Risk Committee

The accompanying notes are an integral part of these consolidated financial statements.

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF (LOSS) INCOME
(All dollar amounts expressed in millions of U.S. dollars, except per share data)

	Years Ended December 31,		
	2015	2014 (Restated)	2013
Revenues			
Product sales	$ 10,292.2	$ 8,046.1	$ 5,640.3
Other revenues	154.3	159.9	129.3
	10,446.5	8,206.0	5,769.6
Expenses			
Cost of goods sold (exclusive of amortization and impairments of finite-lived intangible assets shown separately below)	2,531.6	2,177.7	1,846.3
Cost of other revenues	53.1	58.4	58.8
Selling, general and administrative	2,699.8	2,026.3	1,305.2
Research and development	334.4	246.0	156.8
Amortization and impairments of finite-lived intangible assets (Note 11)	2,418.3	1,550.7	1,902.0
Restructuring, integration and other costs	361.9	381.7	462.0
In-process research and development impairments and other charges	248.4	41.0	153.6
Acquisition-related costs	38.5	6.3	36.4
Acquisition-related contingent consideration	(23.0)	(14.1)	(29.2)
Other expense (income) (Notes 4, 5, and 21)	256.1	(268.7)	287.2
	8,919.1	6,205.3	6,179.1
Operating income (loss)	1,527.4	2,000.7	(409.5)
Interest income	3.3	5.0	8.0
Interest expense	(1,563.2)	(971.0)	(844.3)
Loss on extinguishment of debt	(20.0)	(129.6)	(65.0)
Foreign exchange and other	(102.8)	(144.1)	(9.4)
Gain on investments, net (Note 24)	-	292.6	5.8
(Loss) Income before provision for (recovery of) income taxes	(155.3)	1,053.6	(1,314.4)
Provision for (recovery of) income taxes	132.5	174.2	(450.8)
Net (loss) income	(287.8)	879.4	(863.6)
Less: Net income (loss) attributable to noncontrolling interest	3.9	(1.3)	2.5
Net (loss) income attributable to Valeant Pharmaceuticals International, Inc.	$ (291.7)	$ 880.7	$ (866.1)
(Loss) earnings per share attributable to Valeant Pharmaceuticals International, Inc.:			
Basic	$ (0.85)	$ 2.63	$ (2.70)
Diluted	$ (0.85)	$ 2.58	$ (2.70)
Weighted-average common shares (in millions)			
Basic	342.7	335.4	321.0
Diluted	342.7	341.5	321.0

The accompanying notes are an integral part of these consolidated financial statements.

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(All dollar amounts expressed in millions of U.S. dollars)

	Years Ended December 31,		
	2015	2014 (Restated)	2013
Net (loss) income	$ (287.8)	$ 879.4	$ (863.6)
Other comprehensive loss			
Foreign currency translation adjustment	(646.7)	(717.8)	(50.5)
Unrealized gain on equity method investment, net of tax:			
Arising in period	-	51.3	-
Reclassification to net income (loss)	-	(51.3)	-
Net unrealized holding gain on available-for-sale equity securities:			
Arising in period	-	1.8	3.6
Reclassification to net income (loss)	-	(1.8)	(4.0)
	(646.7)	(717.8)	(50.9)
Pension and postretirement benefit plan adjustments:			
Newly established prior service credit	-	29.4	27.9
Net actuarial gain (loss) arising during the year	20.8	(127.3)	24.5
Amortization of prior service credit	(3.1)	(2.5)	-
Amortization or settlement recognition of net loss	2.7	0.9	0.6
Income tax (expense) benefit	(2.6)	27.4	(15.4)
Currency impact	(0.6)	5.2	0.2
	17.2	(66.9)	37.8
Other comprehensive loss	(629.5)	(784.7)	(13.1)
Comprehensive (loss) income	(917.3)	94.7	(876.7)
Less: Comprehensive income (loss) attributable to noncontrolling interest	0.1	(2.9)	2.8
Comprehensive (loss) income attributable to Valeant Pharmaceuticals International, Inc.	$ (917.4)	$ 97.6	$ (879.5)

The accompanying notes are an integral part of these consolidated financial statements.

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

1. DESCRIPTION OF BUSINESS

Valeant Pharmaceuticals International, Inc. (the "Company") is a multinational, specialty pharmaceutical and medical device company that develops, manufactures, and markets a broad range of branded, generic and branded generic pharmaceuticals, over-the-counter ("OTC") products, and medical devices (contact lenses, intraocular lenses, ophthalmic surgical equipment, and aesthetics devices), which are marketed directly or indirectly in over 100 countries. Effective August 9, 2013, the Company continued from the federal jurisdiction of Canada to the Province of British Columbia, meaning that the Company became a company registered under the laws of the Province of British Columbia as if it had been incorporated under the laws of the Province of British Columbia. As a result of this continuance, the legal domicile of the Company became the Province of British Columbia, the Canada Business Corporations Act ceased to apply to the Company and the Company became subject to the British Columbia Business Corporations Act.

On April 1, 2015, the Company acquired Salix Pharmaceuticals, Ltd. ("Salix"), pursuant to an Agreement and Plan of Merger dated February 20, 2015, as amended on March 16, 2015 (the "Salix Merger Agreement"), with Salix surviving as a wholly owned subsidiary of Valeant Pharmaceuticals International ("Valeant"), a subsidiary of the Company (the "Salix Acquisition").

For further information regarding the Salix Acquisition, including the related financing, see Note 4 and Note 13.

2. RESTATEMENT

This Note 2 to the consolidated financial statements discloses the nature of the restatement matters and adjustments and shows the impact of the restatement matters on the consolidated financial statements as of and for the year ended December 31, 2014. The impact of the restatement on interim periods is described in Note 25 (unaudited).

Restatement Background

On October 26, 2015, in light of allegations regarding the Company's relationship with the Philidor Rx Services, LLC ("Philidor") pharmacy network, the Company's Board of Directors (the "Board") established an ad hoc committee of independent directors of the Board (the "Ad Hoc Committee") to review these allegations and related matters (the "AHC Review"). The scope of the review conducted by the Ad Hoc Committee was subsequently broadened to encompass other areas of potential concern, unrelated to Philidor, raised during the course of the review. The Ad Hoc Committee was chaired by Robert Ingram, the Company's current independent chairman of the board (and formerly the Company's lead independent director). Other members included Norma Provencio, chairperson of the Audit and Risk Committee (the "ARC"), Colleen Goggins and Mason Morfit. The Ad Hoc Committee engaged the law firm of Kirkland & Ellis LLP to assist and advise in carrying out the AHC Review. On February 22, 2016, the Company announced that, based on the work of the Ad Hoc Committee, as well as additional work and analysis performed by the Company, the Company had preliminarily identified certain revenue on sales transactions to Philidor during the second half of 2014, prior to the Company entering into a purchase option to acquire Philidor, that should have been recognized when product was dispensed to patients rather than on delivery to Philidor.

On March 21, 2016, management of the Company, the ARC and the Board concluded that the Company's audited financial statements for the year ended, and unaudited financial information for the quarter ended, December 31, 2014 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 and the unaudited financial statements for the quarter ended March 31, 2015 included in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 should no longer be relied upon due to the misstatements and other qualitative factors described below. In addition, due to the fact that the first quarter 2015 results are included within the financial statements for the six-month period ended June 30, 2015 included in the Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 and the financial statements for the nine-month period ended September 30, 2015 included in the Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, management, the ARC and the Board also concluded that the financial statements for such six-month and nine-month periods reflected in those Quarterly Reports should no longer be relied upon. This determination was based on the AHC Review and additional work and analysis performed by the Company. Based on this work, the Company determined that the earnings impact of certain revenue transactions should have been recognized at a later date than when originally recognized.

On December 15, 2014, the Company entered into a purchase option agreement with Philidor and its members in which the Company received an exclusive option to acquire 100% of the equity interest in Philidor, and as of which time Philidor was consolidated with the Company for accounting purposes as a variable interest entity for which the Company was the primary

beneficiary. Prior to consolidation, revenue on sales to Philidor was recognized by the Company on a sell-in basis (i.e., recorded when the Company delivered product to Philidor). In connection with the work of the Ad Hoc Committee, the Company determined that certain sales transactions for deliveries to Philidor in the second half of 2014 leading up to the execution of the purchase option agreement were not executed in the normal course of business under applicable accounting standards and included actions taken by the Company (including fulfillment of unusually large orders with extended payment terms and increased pricing, an emphasis on delivering product prior to the execution of the purchase option agreement and seeking and filling a substitute order of equivalent value for an unavailable product) in contemplation of the purchase option agreement. As a result of these actions, revenue for certain transactions completed prior to entry into the purchase option agreement should have been recognized on a sell-through basis (i.e., record revenue when Philidor dispensed the products to patients) rather than incorrectly recognized on the sell-in basis utilized by the Company. Additionally, related to these and certain earlier transactions, the Company has now concluded that collectability was not reasonably assured at the time the revenue was originally recognized, and, thus, these transactions should have been recognized at a later date (when collectability was reasonably assured which the Company determined coincides with when the inventory is sold through to the end customer) instead of on a sell-in basis. Following the consolidation of Philidor on the date of entry into the purchase option agreement, the Company began recognizing revenue as Philidor dispensed product to patients.

On April 5, 2016, the Company announced that the Ad Hoc Committee had determined that its review was complete, and that the Ad Hoc Committee had not identified any additional items that would require restatement beyond those required by matters previously disclosed. In addition, the Company announced that, given the completion of the AHC Review, the Board had determined to dissolve the Ad Hoc Committee and that the 12 independent directors on the Board, including the members of the ARC, would assume oversight responsibility for remaining work, including work associated with the completion of the Company's current and restated financial statements and disclosures, as well as its assessment of related internal controls and remediation matters.

Impact of Restatement

As a result of the foregoing, the Company has restated its financial statements for the year ended December 31, 2014. The restatement reduced revenue by approximately $58 million and reduced the Company's net income attributable to Valeant Pharmaceuticals International, Inc. and diluted earnings per share for the year ended December 31, 2014 by approximately $33 million and $0.09 per share, respectively.

The individual restatement matters that underlie the restatement adjustments are described below and are reflected and quantified, as applicable, in the footnotes to the below tables.

(a) Philidor revenue recognition adjustments - The correction of the misstatement from recognizing revenue related to sales to Philidor from a sell-in to sell-through basis had the effect of eliminating certain revenue recorded in 2014 prior to the date that Philidor was consolidated as a variable interest entity. The revenue that is being eliminated from 2014 does not result in an increase to revenue in subsequent periods as a result of the Company having previously recognized that revenue, subsequent to the consolidation of Philidor, when Philidor dispensed the product to patients. Under the sell-in method previously utilized by the Company with respect to sales to Philidor prior to its consolidation in December 2014, revenue was recognized upon delivery of the products to Philidor. At the date of consolidation, certain of that previously sold inventory was still held by Philidor. Subsequent to the consolidation, Philidor recognized revenue on that inventory when it dispensed products to patients, and that revenue was consolidated into the Company’s results. As long as those pre-consolidation sales transactions were in the normal course of business under applicable accounting standards and not entered into in contemplation of the purchase option agreement, the Company’s historical accounting for this revenue was in accordance with generally accepted accounting principles. The Company has now determined that certain sales transactions for deliveries to Philidor, leading up to the purchase option agreement, were not executed in the normal course of business under applicable accounting standards and included actions taken by the Company (including fulfillment of unusually large orders with extended payment terms and increased pricing, an emphasis on delivering product prior to the execution of the purchase option agreement and seeking and filling a substitute order of equivalent value for an unavailable product) in contemplation of the purchase option agreement. As such, revenue, net of managed care rebates, of $58 million previously recorded in 2014 is now being corrected. However, because that revenue was also recorded by Philidor subsequent to consolidation, upon dispensing of products to patients, the elimination of this revenue in 2014, prior to consolidation, does not result in additional revenue being recorded in 2015. Additionally, provisions for managed care rebates of $21 million previously recorded in 2014 will now be recognized against that revenue in the first quarter of 2015.

The reduction in inventory relates to the Philidor revenue recognition adjustments described above. At the time of the consolidation of Philidor in December 2014, under the acquisition method of accounting, the Company recorded the fair value of the inventory on hand at Philidor at the net price the Company previously sold the inventory to Philidor, exclusive of the impact of managed care rebates. The restatement adjustments to eliminate the revenue for certain sales transactions between the Company and Philidor prior to consolidation, result in a reduction, for accounting purposes, to the amount of inventory that the Company acquired from Philidor. Eliminating the pre-consolidation sales described above had the effect of reducing pre-tax profit that was recognized in 2014 by $39 million. The majority of this profit is now recognized in 2015 as a reduction to previously recorded Cost of Goods Sold as the restated carrying amount of this inventory does not include the stepped up value resulting from the Company's consolidation of Philidor.

(b) Philidor measurement period adjustments - Related to the consolidation of Philidor, the Company previously recorded certain measurement period adjustments during the second and third quarters of 2015 when known, which should be retroactively recorded as of the date Philidor was consolidated (December 2014). These measurement period adjustments primarily resulted in (1) an increase to acquisition-related contingent consideration as a result of further valuation analysis around the probability and timing of certain milestone payments; (2) increases in the fair value of certain intangible assets resulting from the higher sales forecast; and (3) a net increase in goodwill as a result of (1) and (2) above. The measurement period adjustments were previously determined to be immaterial to the Company's consolidated financial statements, but are now being recorded in the fourth quarter of 2014 in connection with the other restatement adjustments related to Philidor.

(c) Tax effect of restatement adjustments - The Company calculated the tax effect of the adjustments noted above.

(d) Accumulated deficit - This adjustment reflects the cumulative net loss impact of the restatement adjustments as of the balance sheet date.

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED BALANCE SHEET
(All dollar amounts expressed in millions of U.S. dollars)

	As of December 31,			
	2014 (As Previously Reported)[1]	Restatement Adjustments	2014 (Restated)	Restatement Ref
Assets				
Current assets:				
Cash and cash equivalents	$ 322.6	$ -	$ 322.6	
Trade receivables, net	2,075.8	-	2,075.8	
Inventories, net	950.6	(61.4)	889.2	(a)
Prepaid expenses and other current assets	650.8	-	650.8	
Deferred tax assets, net	193.3	-	193.3	
Total current assets	4,193.1	(61.4)	4,131.7	
Property, plant and equipment, net	1,310.5	1.8	1,312.3	(b)
Intangible assets, net	11,255.9	22.0	11,277.9	(b)
Goodwill	9,346.4	15.0	9,361.4	(b)
Deferred tax assets, net	54.0	-	54.0	
Other long-term assets, net	167.4	-	167.4	
Total assets	$ 26,327.3	$ (22.6)	$ 26,304.7	
Liabilities				
Current liabilities:				
Accounts payable	$ 398.0	$ -	$ 398.0	
Accrued and other current liabilities	2,179.4	(22.4)	2,157.0	(a)
Acquisition-related contingent consideration	141.8	-	141.8	
Current portion of long-term debt	0.9	-	0.9	
Deferred tax liabilities, net	10.7	-	10.7	
Total current liabilities	2,730.8	(22.4)	2,708.4	
Acquisition-related contingent consideration	167.0	38.8	205.8	(b)
Long-term debt	15,228.0	-	15,228.0	
Pension and other benefit liabilities	239.8	-	239.8	
Liabilities for uncertain tax positions	102.6	-	102.6	
Deferred tax liabilities, net	2,227.5	(6.2)	2,221.3	(c)
Other long-term liabilities	197.1	-	197.1	
Total liabilities	20,892.8	10.2	20,903.0	
Equity				
Common shares, no par value, unlimited shares authorized, 334,402,964				
issued and outstanding at December 31, 2014	8,349.2	-	8,349.2	
Additional paid-in capital	243.9	-	243.9	
Accumulated deficit	(2,365.0)	(32.8)	(2,397.8)	(d)
Accumulated other comprehensive loss	(915.9)	-	(915.9)	
Total Valeant Pharmaceuticals International, Inc. shareholders' equity	5,312.2	(32.8)	5,279.4	
Noncontrolling interest	122.3	-	122.3	
Total equity	5,434.5	(32.8)	5,401.7	
Total liabilities and equity	$ 26,327.3	$ (22.6)	$ 26,304.7	

(1) As described in Note 3, the Company adopted guidance issued by the Financial Accounting Standards Board which requires certain debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt, consistent with the presentation of a debt discount. The adoption of this guidance was applied retrospectively and impacted presentation only. The resulting reclassifications between assets and long-term debt did not have a material impact on the Company's financial statements.

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED STATEMENT OF INCOME
(All dollar amounts expressed in millions of U.S. dollars, except per share data)

	Year Ended December 31,			
	2014 (As Previously Reported)	Restatement Adjustments	2014 (Restated)	Restatement Ref
Revenues				
Product sales	$ 8,103.6	$ (57.5)	$ 8,046.1	(a)
Other revenues	159.9	-	159.9	
	8,263.5	(57.5)	8,206.0	
Expenses				
Cost of goods sold (Exclusive of amortization and impairments of finite lived intangible assets shown separately below)	2,196.2	(18.5)	2,177.7	(a)
Cost of other revenues	58.4	-	58.4	
Selling, general and administrative	2,026.3	-	2,026.3	
Research and development	246.0	-	246.0	
Amortization and impairment of finite-lived intangible assets	1,550.7	-	1,550.7	
Restructuring, integration and other costs	381.7	-	381.7	
In-process research and development impairments and other changes	41.0	-	41.0	
Acquisition-related costs	6.3	-	6.3	
Acquisition-related contingent consideration	(14.1)	-	(14.1)	
Other income	(268.7)	-	(268.7)	
	6,223.8	(18.5)	6,205.3	
Operating income (loss)	2,039.7	(39.0)	2,000.7	
Interest income	5.0	-	5.0	
Interest expense	(971.0)	-	(971.0)	
Loss on extinguishment of debt	(129.6)	-	(129.6)	
Foreign exchange and other	(144.1)	-	(144.1)	
Gain on investments, net	292.6	-	292.6	
Income (loss) before provision for (recovery of) income taxes	1,092.6	(39.0)	1,053.6	
Provision for (recovery of) income taxes	180.4	(6.2)	174.2	(c)
Net income (loss)	912.2	(32.8)	879.4	
Less: Net income (loss) attributable to noncontrolling interest	(1.3)	-	(1.3)	
Net income (loss) attributable to Valeant Pharmaceuticals International, Inc.	$ 913.5	$ (32.8)	$ 880.7	
Earnings (loss) per share attributable to Valeant Pharmaceuticals International, Inc.:				
Basic	$ 2.72	$ (0.09)	$ 2.63	
Diluted	$ 2.67	$ (0.09)	$ 2.58	
Weighted-average common shares (in millions)				
Basic	335.4		335.4	
Diluted	341.5		341.5	

There was no net impact of the 2014 restatement adjustments on net cash provided by operating activities, net cash used in investing activities and net cash used in financing activities in the Consolidated Statement of Cash Flows. The adjustments only had an impact on certain captions within cash flows from operating activities.

CONSOLIDATED STATEMENT OF CASH FLOWS
(All dollar amounts expressed in millions of U.S. dollars)

	Year Ended December 31,			
	2014 (As Previously Reported)	Restatement Adjustments	2014 (Restated)	Restatement Ref
Cash Flow From Operating Activities				
Net income	$ 912.2	$ (32.8)	$ 879.4	
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization, including impairments of finite-lived intangible assets	1,737.6	-	1,737.6	
Amortization and write-off of debt discounts and debt issuance costs	70.0	-	70.0	
In-process research and development impairments	21.0	-	21.0	
Acquisition accounting adjustment on inventory sold	27.3	-	27.3	
Acquisition-related contingent consideration	(14.1)	-	(14.1)	
Allowances for losses on accounts receivable and inventories	81.3	-	81.3	
Deferred income taxes	81.8	(6.2)	75.6	(c)
Gain on disposal of assets and liabilities	(253.5)	-	(253.5)	
Reduction to accrued legal settlements	(44.7)		(44.7)	
Payments of accrued legal settlements	(3.2)	-	(3.2)	
Share-based compensation	78.2	-	78.2	
Tax benefits from share-based compensation	(17.1)	-	(17.1)	
Foreign exchange loss	135.1	-	135.1	
Loss on extinguishment of debt	129.6	-	129.6	
Payment of accreted interest on contingent consideration	(10.7)	-	(10.7)	
Other	32.3	-	32.3	
Changes in operating assets and liabilities:				
Trade receivables	(572.4)	-	(572.4)	
Inventories	(174.3)	(18.5)	(192.8)	(a)
Prepaid expenses and other current assets	(110.3)	-	(110.3)	
Accounts payable, accrued and other liabilities	188.6	57.5	246.1	(a)
Net cash provided by operating activities	2,294.7	-	2,294.7	
Net cash used in investing activities	(99.7)	-	(99.7)	
Net cash used in financing activities	(2,443.7)	-	(2,443.7)	
Effect of exchange rate changes on cash and cash equivalents	(29.0)	-	(29.0)	
Net decrease in cash and cash equivalents	(277.7)	-	(277.7)	
Cash and cash equivalents, beginning of year	600.3	-	600.3	
Cash and cash equivalents, end of year	$ 322.6	$ -	$ 322.6	
Non- Cash Investing and Financing Activities				
Acquisition of businesses, contingent consideration at fair value	$ (93.8)	$ (38.8)	$ (132.6)	(b)
Acquisition of businesses, debt assumed	(11.2)	-	(11.2)	

(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

	Long-Lived Assets[1]		
	2015	2014 (Restated)	2013
U.S. and Puerto Rico	$ 824.3	$ 720.0	$ 592.0
Egypt[2]	97.3	-	-
Poland	88.6	99.4	110.0
Canada	75.6	83.7	87.7
Germany	62.6	73.5	83.8
Mexico	62.3	73.8	82.5
China	32.7	39.6	44.3
France	29.9	36.0	40.5
Serbia	27.3	31.8	40.0
Italy	20.7	23.1	25.3
Brazil	20.4	31.4	41.4
Other [3]	100.1	100.0	86.7
	$ 1,441.8	$ 1,312.3	$ 1,234.2

(1) Long-lived assets consist of property, plant and equipment, net of accumulated depreciation, which is attributed to countries based on the physical location of the assets.

(2) Relates to the Amoun Acquisition, described further in Note 4.

(3) Other consists primarily of countries in Europe, Asia, Latin America, and the Middle East.

Major Customers

External customers that accounted for 10% or more of the Company's total revenues for the years ended December 31, 2015, 2014 and 2013 were as follows:

	2015	2014	2013
McKesson Corporation	20%	17%	19%
AmerisourceBergen Corporation	14%	10%	7%
Cardinal Health, Inc.	12%	9%	13%

24. PS FUND 1 INVESTMENT

In connection with the merger proposal (which has since been withdrawn as described below) to the Board of Directors of Allergan Inc. ("Allergan"), the Company and Pershing Square Capital Management, L.P. ("Pershing Square") entered into an agreement pursuant to which, among other things, Valeant and Pershing Square became members of a newly formed jointly owned entity, PS Fund 1. In April 2014, the Company contributed $76 million to PS Fund 1, which was used by PS Fund 1, together with funds contributed by funds managed by Pershing Square, to purchase shares of Allergan common stock and derivative instruments referencing Allergan common stock. The investment in Allergan shares was considered an available-for-sale security. 597,431 of the 28,878,538 shares of Allergan common stock held for PS Fund 1 were allocable to the Company. Based on the Company's degree of influence over such entity, the Company's investment in PS Fund 1 was accounted for under the equity method of accounting. Accordingly, the Company recognized its share of any unrealized gains or losses on the Allergan shares held by PS Fund 1 as part of other comprehensive (loss) income.

On November 19, 2014, the Company withdrew its exchange offer to acquire all of the outstanding shares of Allergan. Consequently, the Company and Pershing Square amended their previous agreement, and, as a result, the Company is no longer a member of PS Fund 1. PS Fund 1 sold the shares of Allergan common stock and distributed to the Company proceeds of $473 million, in the aggregate, in the fourth quarter of 2014 which included (i) proceeds of $127 million from the 597,431 shares allocable to the Company plus (ii) proceeds of $346 million representing the Company's right to 15% of the net profits on the sale of shares realized by Pershing Square. In connection with the sale, the Company recognized a net gain of $287

million in the fourth quarter of 2014 (which included the recognition of previously unrealized gains that had been recorded as part of other comprehensive (loss) income).

Also, in connection with the withdrawal of the exchange offer, the commitment letter which the Company had received for the purpose of financing the cash component of the consideration to be paid in the exchange offer, was terminated. As a result, in the fourth quarter of 2014, the Company expensed and paid $54 million of fees associated with the commitment letter.

The net gain of $287 million was recognized in Gain on investments, net in the consolidated statements of (loss) income and is net of expenses of approximately $110 million, in the aggregate, which includes the $54 million of commitment letter fees described in the preceding paragraph as well as legal, consulting, and other related expenses.

In the consolidated statement of cash flows for the year ended December 31, 2014, $76 million of the total proceeds was included as an investing activity as it represents a return of the Company's initial investment. The remaining portion of the proceeds of $398 million, representing the Company's return on investment, was classified as an operating activity, as were the payments related to the commitment letter fees and legal, consulting, and other related expenses.

25. SUMMARY QUARTERLY INFORMATION (UNAUDITED)

	2015					
	Q1 (Restated)	Q2	Q2 Six Months Ending (Restated)	Q3	Q3 Nine Months Ending (Restated)	Q4
($ in millions, except per share data)	$	$	$	$	$	$
Revenue	2,170.1	2,732.4	4,902.5	2,786.8	7,689.3	2,757.2
Expenses	1,599.1	2,390.9	3,990.0	2,339.0	6,329.0	2,590.1
Operating income	571.0	341.5	912.5	447.8	1,360.3	167.1
Net income (loss) attributable to Valeant Pharmaceuticals International, Inc.	97.7	(53.0)	44.7	49.5	94.2	(385.9)
Earnings (loss) per share attributable to Valeant Pharmaceuticals International, Inc.:						
Basic	0.29	(0.15)	0.13	0.14	0.28	(1.12)
Diluted	0.28	(0.15)	0.13	0.14	0.27	(1.12)
Net cash provided by operating activities	491.1	410.5	901.6	736.5	1,638.1	562.3

	2014					
	Q1	Q2	Q2 Six Months Ending	Q3 (Revised)	Q3 Nine Months Ending (Revised)	Q4 (Restated)
($ in millions, except per share data)	$	$	$	$	$	$
Revenue	1,886.2	2,041.1	3,927.3	2,043.3	5,970.6	2,235.4
Expenses	1,529.6	1,686.0	3,215.6	1,371.7	4,587.3	1,618.0
Operating income	356.6	355.1	711.7	671.6	1,383.3	617.4
Net (loss) income attributable to Valeant Pharmaceuticals International, Inc.	(22.6)	125.8	103.2	265.0	368.2	512.5
(Loss) earnings per share attributable to Valeant Pharmaceuticals International, Inc.:						
Basic	(0.07)	0.38	0.31	0.79	1.10	1.53
Diluted	(0.07)	0.37	0.30	0.78	1.08	1.50
Net cash provided by operating activities	484.3	376.0	860.3	618.7	1,479.0	815.7

Impact of Restatement on Quarterly Results

This footnote discloses the nature of the restatement matters and adjustments and shows the impact of the restatement matters on the Company's consolidated financial information for the three months ended December 31, 2014, and on the consolidated financial statements for the three months ended March 31, 2015, the six months ended June 30, 2015, and the nine months

ended September 30, 2015. In addition, this footnote also discloses the nature and impact of the adjustments to the Company's consolidated financial statements for the three and nine months ended September 30, 2014 (these periods have been revised for the adjustments as the previously presented financial statements were determined to be not materially misstated). For further discussion of the 2014 annual impact of the restatement matters see Note 2.

As described earlier in this Form 10-K, the Company has restated its financial statements for the year ended December 31, 2014 (including the financial information for the three months ended December 31, 2014), the three months ended March 31, 2015, six months ended June 30, 2015 and nine months ended September 30, 2015. The restatement of previously issued financial statements reduced the Company's net income attributable to Valeant Pharmaceuticals International, Inc. and diluted earnings per share for the three months and year ended December 31, 2014 by approximately $22 million or $0.06 per share and $33 million or $0.09 per share, respectively, and increased the Company's net income attributable to Valeant Pharmaceuticals International, Inc. and diluted earnings per share for the three months ended March 31, 2015, six months ended June 30, 2015 and nine months ended September 30, 2015 by approximately $24 million or $0.07 per share.

The individual restatement matters that underlie the restatement adjustments are described below and are reflected and quantified, as applicable, in the footnotes to the below tables.

(a) Philidor revenue recognition adjustments - The correction of the misstatement from recognizing revenue related to sales to Philidor from a sell-in to sell-through basis had the effect of eliminating certain revenue recorded in 2014 prior to the date that Philidor was consolidated as a variable interest entity. The revenue that is being eliminated from 2014 does not result in an increase to revenue in subsequent periods as a result of the Company having previously recognized that revenue, subsequent to the consolidation of Philidor, when Philidor dispensed the product to patients. Under the sell-in method previously utilized by the Company with respect to sales to Philidor prior to its consolidation in December 2014, revenue was recognized upon delivery of the products to Philidor. At the date of consolidation, certain of that previously sold inventory was still held by Philidor. Subsequent to the consolidation, Philidor recognized revenue on that inventory when it dispensed products to patients, and that revenue was consolidated into the Company’s results. As long as those pre-consolidation sales transactions were in the normal course of business under applicable accounting standards and not entered into in contemplation of the purchase option agreement, the Company’s historical accounting for this revenue was in accordance with generally accepted accounting principles. The Company has now determined that certain sales transactions for deliveries to Philidor, leading up to the purchase option agreement, were not executed in the normal course of business under applicable accounting standards and included actions taken by the Company (including fulfillment of unusually large orders with extended payment terms and increased pricing, an emphasis on delivering product prior to the execution of the purchase option agreement and seeking and filling a substitute order of equivalent value for an unavailable product) in contemplation of the purchase option agreement. As such, revenue, net of managed care rebates, of $58 million previously recorded in 2014 is now being corrected. However, because that revenue was also recorded by Philidor subsequent to consolidation, upon dispensing of products to patients, the elimination of this revenue in 2014, prior to consolidation, does not result in additional revenue being recorded in 2015. Additionally, provisions for managed care rebates of $21 million previously recorded in 2014 will now be recognized against that revenue in the first quarter of 2015.

The reduction in inventory for all periods subsequent to the consolidation date relates to the Philidor revenue recognition adjustments described above. At the time of the consolidation of Philidor in December 2014, under the acquisition method of accounting, the Company recorded the fair value of the inventory on hand at Philidor at the net price the Company previously sold the inventory to Philidor, exclusive of the impact of managed care rebates. The restatement adjustments to eliminate the revenue for certain sales transactions between the Company and Philidor prior to consolidation, result in a reduction, for accounting purposes, to the amount of inventory that the Company acquired from Philidor. Eliminating the pre-consolidation sales described above had the effect of reducing pre-tax profit that was recognized in 2014 by $39 million. The majority of this profit is now recognized in 2015 as a reduction to previously recorded Cost of Goods Sold as the restated carrying amount of this inventory does not include the stepped up value resulting from the Company's consolidation of Philidor.

(b) Philidor measurement period adjustments - Related to the consolidation of Philidor, the Company previously recorded certain measurement period adjustments during the second and third quarters of 2015 when known, which should be retroactively recorded as of the date Philidor was consolidated (December 2014). These measurement period adjustments primarily resulted in (1) an increase to acquisition-related contingent consideration as a result of further valuation analysis around the probability and timing of certain milestone payments; (2) increases in the fair value of certain intangible assets resulting from the higher sales forecast; and (3) a net increase in goodwill as a result of (1) and (2) above. The measurement period adjustments were previously determined to be immaterial to the Company’s consolidated financial statements, but

are now being recorded in the fourth quarter of 2014 in connection with the other restatement adjustments related to Philidor.

(c) Accrued liability adjustment - Unrelated to Philidor, the Company recorded an accrual for previously unrecorded professional fees related to acquisition-related costs.

(d) Tax effect of restatement adjustments - The Company calculated the tax effect of the adjustments noted above.

(e) Accumulated deficit - This adjustment reflects the cumulative net loss impact of the restatement adjustments as of the balance sheet date.

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED BALANCE SHEET
(All dollar amounts expressed in millions of U.S. dollars)
(Unaudited)

	As of September 30,			
	2014 (As Previously Reported)[1]	Revision Adjustments	2014 (Revised)	Revision Ref
Assets				
Current assets:				
Cash and cash equivalents	$ 808.8	$ -	$ 808.8	
Trade receivables, net	1,880.2	-	1,880.2	
Inventories, net	932.7	0.6	933.3	(a)
Prepaid expenses and other current assets	465.6	-	465.6	
Assets held for sale	10.0	-	10.0	
Deferred tax assets, net	316.4	-	316.4	
Total current assets	4,413.7	0.6	4,414.3	
Property, plant and equipment, net	1,300.4	-	1,300.4	
Intangible assets, net	11,620.4	-	11,620.4	
Goodwill	9,467.8	-	9,467.8	
Deferred tax assets, net	23.9	-	23.9	
Other long-term assets, net	203.9	-	203.9	
Total assets	$ 27,030.1	$ 0.6	$ 27,030.7	
Liabilities				
Current liabilities:				
Accounts payable	$ 323.3	$ -	$ 323.3	
Accrued and other current liabilities	1,993.9	12.9	2,006.8	(a)
Acquisition-related contingent consideration	116.5	-	116.5	
Current portion of long-term debt	690.6	-	690.6	
Deferred tax liabilities, net	19.0	-	19.0	
Total current liabilities	3,143.3	12.9	3,156.2	
Acquisition-related contingent consideration	211.3	-	211.3	
Long-term debt	15,554.8	-	15,554.8	
Pension and other benefit liabilities	157.7	-	157.7	
Liabilities for uncertain tax positions	113.8	-	113.8	
Deferred tax liabilities, net	2,407.0	(1.9)	2,405.1	(d)
Other long-term liabilities	208.6	-	208.6	
Total liabilities	21,796.5	11.0	21,807.5	
Equity				
Common shares, no par value, unlimited shares authorized, 334,004,879				
issued and outstanding at September 30, 2014	8,334.4	-	8,334.4	
Additional paid-in capital	240.2	-	240.2	
Accumulated deficit	(2,899.9)	(10.4)	(2,910.3)	(e)
Accumulated other comprehensive loss	(552.0)	-	(552.0)	
Total Valeant Pharmaceuticals International, Inc. shareholders' equity	5,122.7	(10.4)	5,112.3	
Noncontrolling interest	110.9	-	110.9	
Total equity	5,233.6	(10.4)	5,223.2	
Total liabilities and equity	$ 27,030.1	$ 0.6	$ 27,030.7	

(1) As described in Note 3, the Company adopted guidance issued by the Financial Accounting Standards Board which requires certain debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt, consistent with the presentation of a debt discount. The adoption of this guidance was applied retrospectively and impacted presentation only. The resulting reclassifications between assets and long-term debt did not have a material impact on the Company's financial statements.

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED STATEMENT OF INCOME
(All dollar amounts expressed in millions of U.S. dollars, except per share data)
(Unaudited)

	Three Months Ended September 30,			
	2014 (As Previously Reported)	Revision Adjustments	2014 (Revised)	Revision Ref
Revenues				
Product sales	$ 2,022.9	$ (12.9)	$ 2,010.0	(a)
Other revenues	33.3	-	33.3	
	2,056.2	(12.9)	2,043.3	
Expenses				
Cost of goods sold (exclusive of amortization and impairments of finite-lived intangible assets shown separately below)	545.8	(0.6)	545.2	(a)
Cost of other revenues	15.0	-	15.0	
Selling, general and administrative	504.1	-	504.1	
Research and development	59.1	-	59.1	
Amortization and impairment of finite-lived intangible assets	393.1	-	393.1	
Restructuring, integration and other costs	61.7	-	61.7	
In-process research and development impairments and other changes	19.9	-	19.9	
Acquisition-related costs	1.6	-	1.6	
Acquisition-related contingent consideration	4.0	-	4.0	
Other income	(232.0)	-	(232.0)	
	1,372.3	(0.6)	1,371.7	
Operating income (loss)	683.9	(12.3)	671.6	
Interest income	0.8	-	0.8	
Interest expense	(258.4)	-	(258.4)	
Loss on extinguishment of debt	-	-	-	
Foreign exchange and other	(53.0)	-	(53.0)	
Gain on investments, net	3.4	-	3.4	
Income (loss) before provision for (recovery of) income taxes	376.7	(12.3)	364.4	
Provision for (recovery of) income taxes	100.3	(1.9)	98.4	(d)
Net income (loss)	276.4	(10.4)	266.0	
Less: Net income attributable to noncontrolling interest	1.0	-	1.0	
Net income (loss) attributable to Valeant Pharmaceuticals International, Inc.	$ 275.4	$ (10.4)	$ 265.0	
Earnings (loss) per share attributable to Valeant Pharmaceuticals International, Inc.:				
Basic	$ 0.82	$ (0.03)	$ 0.79	
Diluted	$ 0.81	$ (0.03)	$ 0.78	
Weighted-average common shares (in millions)				
Basic	335.4		335.4	
Diluted	341.3		341.3	

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED STATEMENT OF INCOME
(All dollar amounts expressed in millions of U.S. dollars, except per share data)
(Unaudited)

	Nine Months Ended September 30,			
	2014 (As Previously Reported)	Revision Adjustments	2014 (Revised)	Revision Ref
Revenues				
Product sales	$ 5,868.1	$ (12.9)	$ 5,855.2	(a)
Other revenues	115.4	-	115.4	
	5,983.5	(12.9)	5,970.6	
Expenses				
Cost of goods sold (exclusive of amortization and impairments of finite-lived intangible assets shown separately below)	1,619.5	(0.6)	1,618.9	(a)
Cost of other revenues	45.3	-	45.3	
Selling, general and administrative	1,501.8	-	1,501.8	
Research and development	186.9	-	186.9	
Amortization and impairment of finite-lived intangible assets	1,113.9	-	1,113.9	
Restructuring, integration and other costs	337.4	-	337.4	
In-process research and development impairments and other changes	40.3	-	40.3	
Acquisition-related costs	3.7	-	3.7	
Acquisition-related contingent consideration	14.8	-	14.8	
Other income	(275.7)	-	(275.7)	
	4,587.9	(0.6)	4,587.3	
Operating income (loss)	1,395.6	(12.3)	1,383.3	
Interest income	3.8	-	3.8	
Interest expense	(746.1)	-	(746.1)	
Loss on extinguishment of debt	(93.7)	-	(93.7)	
Foreign exchange and other	(63.0)	-	(63.0)	
Gain on investments, net	5.9	-	5.9	
Income (loss) before provision for (recovery of) income taxes	502.5	(12.3)	490.2	
Provision for (recovery of) income taxes	124.4	(1.9)	122.5	(d)
Net income (loss)	378.1	(10.4)	367.7	
Less: Net loss attributable to noncontrolling interest	(0.5)	-	(0.5)	
Net income (loss) attributable to Valeant Pharmaceuticals International, Inc.	$ 378.6	$ (10.4)	$ 368.2	
Earnings (loss) per share attributable to Valeant Pharmaceuticals International, Inc.:				
Basic	$ 1.13	$ (0.03)	$ 1.10	
Diluted	$ 1.11	$ (0.03)	$ 1.08	
Weighted-average common shares (in millions)				
Basic	335.2		335.2	
Diluted	341.4		341.4	

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

There was no net impact of the 2014 revision adjustments on net cash provided by operating activities, net cash provided by investing activities and net cash used in financing activities in the Consolidated Statement of Cash Flows. The adjustments only had an impact on certain captions within cash flows from operating activities.

CONSOLIDATED STATEMENT OF CASH FLOWS
(All dollar amounts expressed in millions of U.S. dollars)
(Unaudited)

	Three Months Ended September 30,			
	2014 (As Previously Reported)	Revision Adjustments	2014 (Revised)	Revision Ref
Cash Flow From Operating Activities				
Net income	$ 276.4	$ (10.4)	$ 266.0	
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization, including impairments of finite-lived intangible assets	439.3	-	439.3	
Amortization and write-off of debt discounts and debt issuance costs	34.6	-	34.6	
In-process research and development impairments	19.9	-	19.9	
Acquisition accounting adjustment on inventory sold	12.4	-	12.4	
Acquisition-related contingent consideration	4.0	-	4.0	
Allowances for losses on accounts receivable and inventories	12.0	-	12.0	
Deferred income taxes	74.6	(1.9)	72.7	(d)
Gain on disposal of assets and businesses	(254.5)	-	(254.5)	
Reduction to accrued legal settlements	(0.9)	-	(0.9)	
Payments of accrued legal settlements	(0.2)	-	(0.2)	
Share-based compensation	20.2	-	20.2	
Tax benefits from share-based compensation	(15.9)	-	(15.9)	
Foreign exchange loss	55.1	-	55.1	
Payment of accreted interest on contingent consideration	(1.3)	-	(1.3)	
Other	9.7	-	9.7	
Changes in operating assets and liabilities:				
Trade receivables	(121.4)	-	(121.4)	
Inventories	(41.5)	(0.6)	(42.1)	(a)
Prepaid expenses and other current assets	5.5	-	5.5	
Accounts payable, accrued and other liabilities	90.7	12.9	103.6	(a)
Net cash provided by operating activities	618.7	-	618.7	
Net cash provided by investing activities	756.3	-	756.3	
Net cash used in financing activities	(1,082.1)	-	(1,082.1)	
Effect of exchange rate changes on cash and cash equivalents	(15.3)	-	(15.3)	
Net increase in cash and cash equivalents	277.6	-	277.6	
Cash and cash equivalents, beginning of period	531.2	-	531.2	
Cash and cash equivalents, end of period	$ 808.8	$ -	$ 808.8	
Non- Cash Investing and Financing Activities				
Acquisition of businesses, contingent consideration at fair value	$ (16.0)	$ -	$ (16.0)	
Acquisition of businesses, debt assumed	(4.5)	-	(4.5)	

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED STATEMENT OF CASH FLOWS
(All dollar amounts expressed in millions of U.S. dollars)
(Unaudited)

	Nine Months Ended September 30,			
	2014 (As Previously Reported)	Revision Adjustments	2014 (Revised)	Revision Ref
Cash Flow From Operating Activities				
Net income	$ 378.1	$ (10.4)	$ 367.7	
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization, including impairments of finite-lived intangible assets	1,248.1	-	1,248.1	
Amortization and write-off of debt discounts and debt issuance costs	58.1	-	58.1	
In-process research and development impairments	20.3	-	20.3	
Acquisition accounting adjustment on inventory sold	21.9	-	21.9	
Acquisition-related contingent consideration	14.8	-	14.8	
Allowances for losses on accounts receivable and inventories	47.6	-	47.6	
Deferred income taxes	63.2	(1.9)	61.3	(d)
Gain on disposal of assets and businesses	(254.5)	-	(254.5)	
Reduction to accrued legal settlements	(48.2)	-	(48.2)	
Payments of accrued legal settlements	(1.2)	-	(1.2)	
Share-based compensation	60.6	-	60.6	
Tax benefits from share-based compensation	(17.1)	-	(17.1)	
Foreign exchange loss	62.4	-	62.4	
Loss on extinguishment of debt	93.7	-	93.7	
Payment of accreted interest on contingent consideration	(9.5)	-	(9.5)	
Other	15.8	-	15.8	
Changes in operating assets and liabilities:				
Trade receivables	(205.2)	-	(205.2)	
Inventories	(122.8)	(0.6)	(123.4)	(a)
Prepaid expenses and other current assets	34.5	-	34.5	
Accounts payable, accrued and other liabilities	18.4	12.9	31.3	(a)
Net cash provided by operating activities	1,479.0	-	1,479.0	
Net cash provided by investing activities	105.8	-	105.8	
Net cash used in financing activities	(1,361.4)	-	(1,361.4)	
Effect of exchange rate changes on cash and cash equivalents	(14.9)	-	(14.9)	
Net increase in cash and cash equivalents	208.5	-	208.5	
Cash and cash equivalents, beginning of period	600.3	-	600.3	
Cash and cash equivalents, end of period	$ 808.8	$ -	$ 808.8	
Non- Cash Investing and Financing Activities				
Acquisition of businesses, contingent consideration at fair value	$ (65.1)	$ -	$ (65.1)	
Acquisition of businesses, debt assumed	(8.5)	-	(8.5)	

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED STATEMENT OF INCOME
(All dollar amounts expressed in millions of U.S. dollars, except per share data)
(Unaudited)

	Three Months Ended December 31,			
	2014 (As Previously Reported)	Restatement Adjustments	2014 (Restated)	Restatement Ref
Revenues				
Product sales	$ 2,235.5	$ (44.6)	$ 2,190.9	(a)
Other revenues	44.5	-	44.5	
	2,280.0	(44.6)	2,235.4	
Expenses				
Cost of goods sold (exclusive of amortization and impairments of finite-lived intangible assets shown separately below)	576.7	(17.9)	558.8	(a)
Cost of other revenues	13.1	-	13.1	
Selling, general and administrative	524.5	-	524.5	
Research and development	59.1	-	59.1	
Amortization and impairment of finite-lived intangible assets	436.8	-	436.8	
Restructuring, integration and other costs	44.3	-	44.3	
In-process research and development impairments and other changes	0.7	-	0.7	
Acquisition-related costs	2.6	-	2.6	
Acquisition-related contingent consideration	(28.9)	-	(28.9)	
Other expense	7.0	-	7.0	
	1,635.9	(17.9)	1,618.0	
Operating income (loss)	644.1	(26.7)	617.4	
Interest income	1.2	-	1.2	
Interest expense	(224.9)	-	(224.9)	
Loss on extinguishment of debt	(35.9)	-	(35.9)	
Foreign exchange and other	(81.1)	-	(81.1)	
Gain on investments, net	286.7	-	286.7	
Income (loss) before provision for (recovery of) income taxes	590.1	(26.7)	563.4	
Provision for (recovery of) income taxes	56.0	(4.3)	51.7	(d)
Net income (loss)	534.1	(22.4)	511.7	
Less: Net loss attributable to noncontrolling interest	(0.8)	-	(0.8)	
Net income (loss) attributable to Valeant Pharmaceuticals International, Inc.	$ 534.9	$ (22.4)	$ 512.5	
Earnings (loss) per share attributable to Valeant Pharmaceuticals International, Inc.:				
Basic	$ 1.59	$ (0.06)	$ 1.53	
Diluted	$ 1.56	$ (0.06)	$ 1.50	
Weighted-average common shares (in millions)				
Basic	335.8		335.8	
Diluted	341.9		341.9	

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED BALANCE SHEET
(All dollar amounts expressed in millions of U.S. dollars)
(Unaudited)

	As of March 31,			
	2015 (As Previously Reported)[1]	Restatement Adjustments	2015 (Restated)	Restatement Ref
Assets				
Current assets:				
Cash and cash equivalents	$ 1,864.4	$ -	$ 1,864.4	
Trade receivables, net	2,108.8	-	2,108.8	
Inventories, net	998.9	(8.8)	990.1	(a)
Restricted cash and cash equivalents	10,354.9	-	10,354.9	
Prepaid expenses and other current assets	660.9	-	660.9	
Assets held for sale	7.8	-	7.8	
Deferred tax assets, net	196.5	-	196.5	
Total current assets	16,192.2	(8.8)	16,183.4	
Property, plant and equipment, net	1,334.8	1.8	1,336.6	(b)
Intangible assets, net	11,554.6	22.0	11,576.6	(b)
Goodwill	9,161.4	15.0	9,176.4	(b)
Deferred tax assets, net	151.7	-	151.7	
Other long-term assets, net	129.9	-	129.9	
Total assets	$ 38,524.6	$ 30.0	$ 38,554.6	
Liabilities				
Current liabilities:				
Accounts payable	$ 352.5	$ -	$ 352.5	
Accrued and other current liabilities	2,424.4	2.6	2,427.0	(a), (c)
Acquisition-related contingent consideration	186.3	-	186.3	
Current portion of long-term debt	122.8	-	122.8	
Deferred tax liabilities, net	11.1	-	11.1	
Total current liabilities	3,097.1	2.6	3,099.7	
Acquisition-related contingent consideration	198.9	38.8	237.7	(b)
Long-term debt	25,856.6	-	25,856.6	
Pension and other benefit liabilities	227.7	-	227.7	
Liabilities for uncertain tax positions	98.7	-	98.7	
Deferred tax liabilities, net	2,261.5	(2.6)	2,258.9	(d)
Other long-term liabilities	208.9	-	208.9	
Total liabilities	31,949.4	38.8	31,988.2	
Equity				
Common shares, no par value, unlimited shares authorized, 342,266,409				
issued and outstanding at March 31, 2015	9,810.3	-	9,810.3	
Additional paid-in capital	260.9	-	260.9	
Accumulated deficit	(2,291.3)	(8.8)	(2,300.1)	(e)
Accumulated other comprehensive loss	(1,327.6)	-	(1,327.6)	
Total Valeant Pharmaceuticals International, Inc. shareholders' equity	6,452.3	(8.8)	6,443.5	
Noncontrolling interest	122.9	-	122.9	
Total equity	6,575.2	(8.8)	6,566.4	
Total liabilities and equity	$ 38,524.6	$ 30.0	$ 38,554.6	

(1) As described in Note 3, the Company adopted guidance issued by the Financial Accounting Standards Board which requires certain debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt, consistent with the presentation of a debt discount. The adoption of this guidance was applied retrospectively and impacted presentation only. The resulting reclassifications between assets and long-term debt did not have a material impact on the Company's financial statements.

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED STATEMENT OF INCOME
(All dollar amounts expressed in millions of U.S. dollars, except per share data)
(Unaudited)

	Three Months Ended March 31,			
	2015 (As Previously Reported)	Restatement Adjustments	2015 (Restated)	Restatement Ref
Revenues				
Product sales	$ 2,146.9	$ (20.8)	$ 2,126.1	(a)
Other revenues	44.0	-	44.0	
	2,190.9	(20.8)	2,170.1	
Expenses				
Cost of goods sold (exclusive of amortization and impairments of finite-lived intangible assets shown separately below)	560.4	(52.5)	507.9	(a)
Cost of other revenues	14.3	-	14.3	
Selling, general and administrative	573.8	-	573.8	
Research and development	55.8	-	55.8	
Amortization and impairment of finite-lived intangible assets	365.2	-	365.2	
Restructuring, integration and other costs	55.0	-	55.0	
Acquisition-related costs	9.8	4.1	13.9	(c)
Acquisition-related contingent consideration	7.1	-	7.1	
Other expense	6.1	-	6.1	
	1,647.5	(48.4)	1,599.1	
Operating income	543.4	27.6	571.0	
Interest income	0.9	-	0.9	
Interest expense	(297.8)	-	(297.8)	
Loss on extinguishment of debt	(20.0)	-	(20.0)	
Foreign exchange and other	(71.1)	-	(71.1)	
Income before provision for income taxes	155.4	27.6	183.0	
Provision for income taxes	80.9	3.6	84.5	(d)
Net income	74.5	24.0	98.5	
Less: Net income attributable to noncontrolling interest	0.8	-	0.8	
Net income attributable to Valeant Pharmaceuticals International, Inc.	$ 73.7	$ 24.0	$ 97.7	
Earnings per share attributable to Valeant Pharmaceuticals International, Inc.:				
Basic	$ 0.22	$ 0.07	$ 0.29	
Diluted	$ 0.21	$ 0.07	$ 0.28	
Weighted-average common shares (in millions)				
Basic	336.8		336.8	
Diluted	343.4		343.4	

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

There was no net impact of the 2015 restatement adjustments on net cash provided by operating activities, net cash used in investing activities and net cash provided by financing activities in the Consolidated Statement of Cash Flows. The adjustments only had an impact on certain captions within cash flows from operating activities.

CONSOLIDATED STATEMENT OF CASH FLOWS
(All dollar amounts expressed in millions of U.S. dollars)
(Unaudited)

	Three Months Ended March 31,			
	2015 (As Previously Reported)	Restatement Adjustments	2015 (Restated)	Restatement Ref
Cash Flow From Operating Activities				
Net income	$ 74.5	$ 24.0	$ 98.5	
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization, including impairments of finite-lived intangible assets	407.0	-	407.0	
Amortization and write-off of debt discounts and debt issuance costs	10.5	-	10.5	
Acquisition accounting adjustment on inventory sold	24.5	-	24.5	
Acquisition-related contingent consideration	7.1	-	7.1	
Allowances for losses on accounts receivable and inventories	12.2	-	12.2	
Deferred income taxes	62.5	3.6	66.1	(d)
Additions to accrued legal settlements	1.5	-	1.5	
Payments of accrued legal settlements	(3.0)	-	(3.0)	
Share-based compensation	35.0	-	35.0	
Tax benefits from share based compensation	(17.9)	-	(17.9)	
Foreign exchange loss	75.9	-	75.9	
Loss on extinguishment of debt	20.0	-	20.0	
Payment of accreted interest on contingent consideration	(2.2)	-	(2.2)	
Other	(7.2)	-	(7.2)	
Changes in operating assets and liabilities:				
Trade receivables	(67.0)	-	(67.0)	
Inventories	(38.5)	(52.5)	(91.0)	(a)
Prepaid expenses and other current assets	(45.1)	-	(45.1)	
Accounts payable, accrued and other liabilities	(58.7)	24.9	(33.8)	(a), (c)
Net cash provided by operating activities	491.1	-	491.1	
Net cash used in investing activities	(11,240.5)	-	(11,240.5)	
Net cash provided by financing activities	12,306.3	-	12,306.3	
Effect of exchange rate changes on cash and cash equivalents	(15.1)	-	(15.1)	
Net increase in cash and cash equivalents	1,541.8	-	1,541.8	
Cash and cash equivalents, beginning of period	322.6	-	322.6	
Cash and cash equivalents, end of period	$ 1,864.4	$ -	$ 1,864.4	
Non- Cash Investing and Financing Activities				
Acquisition of businesses, contingent consideration at fair value	$ (286.9)	$ -	$ (286.9)	
Acquisition of businesses, debt assumed	-	-	-	

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED STATEMENT OF INCOME
(All dollar amounts expressed in millions of U.S. dollars, except per share data)
(Unaudited)

	Six Months Ended June 30,			
	2015 (As Previously Reported)	Restatement Adjustments	2015 (Restated)	Restatement Ref
Revenues				
Product sales	$ 4,841.9	$ (20.8)	$ 4,821.1	(a)
Other revenues	81.4	-	81.4	
	4,923.3	(20.8)	4,902.5	
Expenses				
Cost of goods sold (exclusive of amortization and impairments of finite-lived intangible assets shown separately below)	1,230.3	(52.5)	1,177.8	(a)
Cost of other revenues	29.5	-	29.5	
Selling, general and administrative	1,259.3	-	1,259.3	
Research and development	136.9	-	136.9	
Amortization and impairment of finite-lived intangible assets	950.6	-	950.6	
Restructuring, integration and other costs	198.4	-	198.4	
In-process research and development impairments and other changes	12.3	-	12.3	
Acquisition-related costs	19.3	4.1	23.4	(c)
Acquisition-related contingent consideration	18.8	-	18.8	
Other expense	183.0	-	183.0	
	4,038.4	(48.4)	3,990.0	
Operating income	884.9	27.6	912.5	
Interest income	1.8	-	1.8	
Interest expense	(710.5)	-	(710.5)	
Loss on extinguishment of debt	(20.0)	-	(20.0)	
Foreign exchange and other	(65.5)	-	(65.5)	
Income before provision for income taxes	90.7	27.6	118.3	
Provision for income taxes	67.8	3.6	71.4	(d)
Net income	22.9	24.0	46.9	
Less: Net income attributable to noncontrolling interest	2.2	-	2.2	
Net income attributable to Valeant Pharmaceuticals International, Inc.	$ 20.7	$ 24.0	$ 44.7	
Earnings per share attributable to Valeant Pharmaceuticals International, Inc.:				
Basic	$ 0.06	$ 0.07	$ 0.13	
Diluted	$ 0.06	$ 0.07	$ 0.13	
Weighted-average common shares (in millions)				
Basic	340.5		340.5	
Diluted	347.1		347.1	

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED STATEMENT OF CASH FLOWS
(All dollar amounts expressed in millions of U.S. dollars)
(Unaudited)

	Six Months Ended June 30,			
	2015 (As Previously Reported)	Restatement Adjustments	2015 (Restated)	Restatement Ref
Cash Flow From Operating Activities				
Net income	$ 22.9	$ 24.0	$ 46.9	
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization, including impairments of finite-lived intangible assets	1,042.0	-	1,042.0	
Amortization and write-off of debt discounts and debt issuance costs	103.2	-	103.2	
In-process research and development impairments	12.3	-	12.3	
Acquisition accounting adjustment on inventory sold	70.5	-	70.5	
Acquisition-related contingent consideration	18.8	-	18.8	
Allowances for losses on accounts receivable and inventories	26.8	-	26.8	
Deferred income taxes	12.4	3.6	16.0	(d)
Additions to accrued legal settlements	6.3		6.3	
Payments of accrued legal settlements	(5.9)	-	(5.9)	
Share-based compensation	60.9	-	60.9	
Tax benefits from share-based compensation	(25.6)	-	(25.6)	
Foreign exchange loss	65.6	-	65.6	
Loss on extinguishment of debt	20.0	-	20.0	
Payment of accreted interest on contingent consideration	(12.1)	-	(12.1)	
Other	(9.9)	-	(9.9)	
Changes in operating assets and liabilities:				
Trade receivables	(308.8)	-	(308.8)	
Inventories	(86.8)	(52.5)	(139.3)	(a)
Prepaid expenses and other current assets	(163.5)	-	(163.5)	
Accounts payable, accrued and other liabilities	52.5	24.9	77.4	(a), (c)
Net cash provided by operating activities	901.6	-	901.6	
Net cash used in investing activities	(13,885.7)	-	(13,885.7)	
Net cash provided by financing activities	13,631.6	-	13,631.6	
Effect of exchange rate changes on cash and cash equivalents	(12.1)	-	(12.1)	
Net increase in cash and cash equivalents	635.4	-	635.4	
Cash and cash equivalents, beginning of period	322.6	-	322.6	
Cash and cash equivalents, end of period	$ 958.0	$ -	$ 958.0	
Non- Cash Investing and Financing Activities				
Acquisition of businesses, contingent consideration at fair value	$ (674.6)	$ 38.8	$ (635.8)	(b)
Acquisition of businesses, debt assumed	(3,123.1)	-	(3,123.1)	

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED STATEMENT OF INCOME
(All dollar amounts expressed in millions of U.S. dollars, except per share data)
(Unaudited)

	Nine Months Ended September 30,			
	2015 (As Previously Reported)	Restatement Adjustments	2015 (Restated)	Restatement Ref
Revenues				
Product sales	$ 7,590.1	$ (20.8)	$ 7,569.3	(a)
Other revenues	120.0	-	120.0	
	7,710.1	(20.8)	7,689.3	
Expenses				
Cost of goods sold (exclusive of amortization and impairments of finite-lived intangible assets shown separately below)	1,864.9	(52.5)	1,812.4	(a)
Cost of other revenues	43.1	-	43.1	
Selling, general and administrative	1,956.9	-	1,956.9	
Research and development	238.5	-	238.5	
Amortization and impairment of finite-lived intangible assets	1,629.8	-	1,629.8	
Restructuring, integration and other costs	274.0	-	274.0	
In-process research and development impairments and other changes	108.1	-	108.1	
Acquisition-related costs	26.3	4.1	30.4	(c)
Acquisition-related contingent consideration	22.6	-	22.6	
Other expense	213.2	-	213.2	
	6,377.4	(48.4)	6,329.0	
Operating income	1,332.7	27.6	1,360.3	
Interest income	2.5	-	2.5	
Interest expense	(1,130.7)	-	(1,130.7)	
Loss on extinguishment of debt	(20.0)	-	(20.0)	
Foreign exchange and other	(99.5)	-	(99.5)	
Income before provision for income taxes	85.0	27.6	112.6	
Provision for income taxes	10.4	3.6	14.0	(d)
Net income	74.6	24.0	98.6	
Less: Net income attributable to noncontrolling interest	4.4	-	4.4	
Net income attributable to Valeant Pharmaceuticals International, Inc.	$ 70.2	$ 24.0	$ 94.2	
Earnings per share attributable to Valeant Pharmaceuticals International, Inc.:				
Basic	$ 0.21	$ 0.07	$ 0.28	
Diluted	$ 0.20	$ 0.07	$ 0.27	
Weighted-average common shares (in millions)				
Basic	340.8		340.8	
Diluted	347.2		347.2	

VALEANT PHARMACEUTICALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(All tabular dollar amounts expressed in millions of U.S. dollars, except per share data)

CONSOLIDATED STATEMENT OF CASH FLOWS
(All dollar amounts expressed in millions of U.S. dollars)
(Unaudited)

	Nine Months Ended September 30,			
	2015 (As Previously Reported)	Restatement Adjustments	2015 (Restated)	Restatement Ref
Cash Flow From Operating Activities				
Net income	$ 74.6	$ 24.0	$ 98.6	
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization, including impairments of finite-lived intangible assets	1,768.4	-	1,768.4	
Amortization and write-off of debt discounts and debt issuance costs	123.7	-	123.7	
In-process research and development impairments	108.1	-	108.1	
Acquisition accounting adjustment on inventory sold	97.7	-	97.7	
Acquisition-related contingent consideration	22.6	-	22.6	
Allowances for losses on accounts receivable and inventories	46.4	-	46.4	
Deferred income taxes	(79.0)	3.6	(75.4)	(d)
Loss on disposal of assets and liabilities	9.2	-	9.2	
Additions to accrued legal settlements	31.9		31.9	
Payments of accrued legal settlements	(32.1)	-	(32.1)	
Share-based compensation	111.4	-	111.4	
Tax benefits from share-based compensation	(21.7)	-	(21.7)	
Foreign exchange loss	96.6	-	96.6	
Loss on extinguishment of debt	20.0	-	20.0	
Payment of accreted interest on contingent consideration	(19.8)	-	(19.8)	
Other	(13.6)	-	(13.6)	
Changes in operating assets and liabilities:				
Trade receivables	(656.0)	-	(656.0)	
Inventories	(132.4)	(52.5)	(184.9)	(a)
Prepaid expenses and other current assets	(252.0)	-	(252.0)	
Accounts payable, accrued and other liabilities	334.1	24.9	359.0	(a), (c)
Net cash provided by operating activities	1,638.1	-	1,638.1	
Net cash used in investing activities	(14,041.9)	-	(14,041.9)	
Net cash provided by financing activities	13,523.2	-	13,523.2	
Effect of exchange rate changes on cash and cash equivalents	(22.0)	-	(22.0)	
Net increase in cash and cash equivalents	1,097.4	-	1,097.4	
Cash and cash equivalents, beginning of period	322.6	-	322.6	
Cash and cash equivalents, end of period	$ 1,420.0	$ -	$ 1,420.0	
Non- Cash Investing and Financing Activities				
Acquisition of businesses, contingent consideration at fair value	$ (783.3)	$ 38.8	$ (744.5)	(b)
Acquisition of businesses, debt assumed	(3,129.2)	-	(3,129.2)	